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PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Comprehensive Annual Financial Report
For the Year Ended December 31, 2010



PORT CORPUS CHRISTI

Comprehensive Annual Financial Report

Port of Corpus Christi Authority of Nueces County, Texas

For the Year Ended December 31, 2010

Prepared by the Finance Department

Dennis J. DeVries
Director of Finance

ABOUT THE 2010 REPORT PHOTO DESIGN

The report photo design highlights the SAIL SOUTH TEXAS, a Tall Ship event created by the Authority to commemorate a number of concurrent local, national and international celebrations:

- The official transfer of the United States Naval Station Ingleside to the Authority,
- The Bicentennial celebration of independence of many Latin American countries
- The 234th anniversary of United States Independence.

Sail South Texas had the honor of hosting the Naval Academy Tall Ships from four countries: The “B.E. Cuauhtémoc” from Mexico, the “Esmeralda” from Chile, the “Capitan Miranda” from Uruguay and the “USCGC Eagle” from the United States.

Together these four tall ships were the highlight of one of the most exciting 4th of July weekends ever held in the region celebrating history, independence and sharing culture among visiting countries.



INTRODUCTORY SECTION



PORT CORPUS CHRISTI

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

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PORT COMMISSIONERS

L. Michael Carrell, Chairman

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

Richard M. Borchard, Vice-Chairman

Mr. Borchard was appointed to the Port Commission by Nueces County in 2009. He is Director of Client Relations at the law firm of Linebarger, Goggan, Blair & Sampson.

Judy Hawley, Secretary

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

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.

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.

Francis I. Gandy, Jr., Commissioner

Mr. Gandy was appointed to the Port Commission by the City of Corpus Christi in 2009. He is manager and part owner of F.I. Gandy Farms, President of Gandy-Robertson, Inc., a family real estate investment business; and managing partner of Saratoga Oaks Shopping Center.

Robert Kostelnik, Commissioner

Mr. Kostelnik was appointed to the Port Commission by the City of Corpus Christi in 2010. He is President and CEO of Cinatra Clean Technologies, Inc.

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
Anthony Alejandro, Director of Operations/Harbormaster
Greg Brubeck, Director of Engineering Services
Dennis J. DeVries, Director of Finance
Sandra Terrell-Davis, Director of Human Resources
Patricia Cardenas, Director of Communications

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

**Organization Chart
December 31, 2010**

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	Greg Brubeck
	Chief Engineer	David L. Michaelsen
	Environmental Compliance Manager	Sarah Garza
	Director of Finance	Dennis J. DeVries
	Chief Accountant	Audre Debler
	Accounting Manager	Lynn Angerstein
	Manager of Management Information Systems	Gustavo Espinosa
	Deputy Port Director of Operations and Business Development	
	Director of Operations/Harbormaster	Anthony Alejandro
	Manager of Foreign Trade Zone	Sonya Lopez-Sosa
	Chief of Port Security	Arch Archambo
	Manager of Bulk Terminal	Paul "Skip" Kaup
	Manager of Dock Operations	Raymond Kadlecek
	Maintenance Manager	David Throop
	Director of Communications	Patricia Cardenas
	Deputy Director of Business Development	Ruben C. Medina
	Manager of Industrial Development	Richard E. Stroot
	General Cargo & Tariff Manager	Maggie Iglesias-Turner
	Director of Human Resources	Sandra Terrell-Davis
	Human Resource Manager	Monica Euresti
Manager of Legislative Affairs		Nelda Olivo
Project Manager - Naval Station Ingleside Redevelopment		Tom Moore



PORT CORPUS CHRISTI

April 5, 2011

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, 2010.

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, 2010. 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

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 facility 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 5th 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. 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 2008 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 2003. Five years later, the 2008 report shows similar increases. In 2003, the Authority created 39,905 jobs, generated \$195.4 million in state and local taxes, and provided \$1.3 billion in business revenue. Today, the

Authority creates approximately 40,560 jobs with 10,487 direct jobs. The Authority generates 13,669 induced jobs that are the result of purchases by the direct employees. The remainder of total jobs is comprised of 16,404 indirect jobs supported by the local purchases by businesses supplying services or dependent upon the Authority. The 40,560 jobs provide \$3.0 billion in income (direct, induced, and indirect wages and salaries) for families throughout the Coastal Bend. Authority operations generate \$1.6 billion of revenue for businesses providing services to the Authority and port industries, and Ortiz Center. More than \$282 million was paid in state and local taxes due to activity created by the Authority. Over the five-year period, Authority tonnage grew by over 1 million tons. While a decrease of 4 million tons was seen over the last five years in petroleum and petrochemicals, they continue to be the Authority's top commodity. This decline was however offset by increases of 3.8 million tons in bulk grain exports, 873 thousand tons in ore, 306 thousand tons in break bulk cargo, and 270 thousand tons in other dry bulk cargo. This indicates that 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 three 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 consists of almost 12 miles of new and existing roadway, coupled with 7 miles of new rail 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, 2010, and 2011. Phase II will rebuild a 2.25 mile section of substandard roadway and overlay 6.5 miles of Phase I work with asphalt and is schedule to be complete in the Fall of 2011.

Channel Improvement Project

In 2003, the Authority completed the feasibility phase of the Channel Improvement Project and in November 2007, the project was authorized by Congress in the Water Resources Development Act (WRDA) of 2007. The authorized project includes the following navigation and ecosystem restoration features: (1) deepening the ship channel from 45 to 52 feet, (2) adding 200 foot barge shelves across Corpus Christi Bay, (3) widening the ship channel to 530 feet from Port Aransas to the Harbor Bridge, (4) extending the La Quinta Channel approximately 1.4 miles and (5) constructing ecosystem restoration features to protect endangered species, wetlands and seagrass. In December 2009, the US Army Corps of Engineers awarded the first construction contract associated with the extension of the La Quinta Channel. This contract for \$1.1 million will construct a 126-acre dredge material placement area for containment of sands and clay excavated to create the La Quinta Channel extension. This contract award is for the first of several construction projects required to complete the \$75 million plan to construct the La Quinta Channel Extension. Total improvements will cost approximately \$500 million. This project will be funded with both federal and Port dollars.

La Quinta Multi-Purpose Facility

In December 2009, in addition to moving forward with the planned dredging of La Quinta Extension, the Authority approved a professional services agreement to design the initial phase of a multi-purpose dock and terminal project to be constructed on the Authority's 1,000 acre La Quinta property site for which the La Quinta channel extension will serve. The multi-purpose dock and terminal facility will be designed to handle a wide variety of general cargo including containers, military, wind turbines, steel pipe, and more. The preliminary engineering for full build out has been completed. The final design for the initial 800 foot to 1,000 foot dock will provide the necessary information to define costs and determine completion schedules is ready to begin with the goal of being ready to solicit bids for the first phase of construction by late 2011.

MAJOR INITIATIVES - 2010

Environmental Management System

Through the Authority's Environmental Management System (EMS), the Authority is a community leader for its proactive efforts and voluntary emissions reductions. Along with the Texas A&M University Pollution Prevention Partnership, the Authority continues to host and promote numerous Auto Check events to detect pollution emitting vehicles, inform vehicle operators if their vehicle is polluting and provide repair assistance for polluting vehicles. The Authority is also a leader in voluntary energy consuming reduction initiatives, propane powered yard equipment and idling reductions, all overseen by the Authority's EMS program. The Authority's program is in its 4th year of ISO 14001 certification and its 6th year of implementation. Each year, the program must undergo a detailed external audit to get ISO 14001 certified. The EMS program is overseen by a team of Authority employees from different departments and manages the environmental issues associated with our operations. In the 6 years of implementation, the program has identified numerous significant aspects impacted the environment. Of those, most have been managed to the point that the impact has been reduced significantly. Employees are continuing to come up with better ideas to manage and reduce our environmental footprint.

U.S. Naval Station Ingleside Facility

In 2005, Congress passed Base Realignment and Closure (BRAC) legislation that would close down Navy operations at Naval Station Ingleside (NSI) and revert the entire base to the Authority. The official reversion took place on April 30, 2010. To celebrate the reversion and to open the doors of NSI to the community, the Authority hosted Sail South Texas 2010, an International Tall Ship event, during the 4th of July weekend. The event was free to the public and recorded about 40,000 visitors during the four day weekend.

The main base consists of 483 acres of upland property, which provided 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 premier 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 1012 acres comprised of Naval Station Ingleside property and adjacent Authority green field property. The Authority continues its work on extensive outreach with the citizens of the Coastal Bend and to dialogue about what the base could become in the near future.

Military Cargo and Layberth

The Authority continues to serve as a Military Strategic Seaport for the Department of Defense. The Authority is used by the military on an intermittent basis under the direction of the Army's 842nd 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 was constructed to support future military deployments and commercial cargos. The Authority served as the home port for the USNS Benavidez throughout 2010. Due to the importance of military presence in the Gulf of Mexico, the port continues to pursue a full-time military presence to the stationed at the Authority.

Wind Turbines

Texas continues to be the leader in the nation for the development of wind power projects. Through the port of Corpus Christi we have handled the components for the most important European developers. We've increased our participation through the handling of Asian wind manufacturers. The three Class I railroads allow wind companies to transport their wind components to and from our port to any State in the Union. Simultaneously, our non congested access to our docks as well as to the interstate freeway systems allows for cost reduction to the wind developers. In addition, with over 100 acres of staging area, we can accommodate any number of turbine components. E-On concluded their Papalote phase II project and soon will start developing two additional ones not far from these port premises. Port of Corpus Christi continues to excel in providing the best transportation systems to the wind manufacturers 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 Air Permit from the State of Texas Commission of Environmental Quality (TCEQ). 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 2014, creating from 80 to 100 direct and 150 to 175 indirect jobs once operating.

On-going Construction Projects and Marketing Efforts

Projects that carry over into 2011 include several Security Grant projects that will add additional thermal imaging cameras at the oil docks and general cargo areas, the installation of radar and sonar equipment in the inner harbor that will be integrated with existing equipment at the Security Center utilizing new command and control programs. New main entrance gates are also planned at the North side cargo and oil dock area, Viola Turning Basin Oil Docks and at the Bulk Terminal.

In addition, at the Bulk Terminal several upgrades to the material handling equipment will take place in 2011 to include the extension of the boom on the gantry crane by 10 feet and the ability to increase its digging depth by 10 feet, the upgrade of the programmable logic controller on the Bulk Dock 2 shiploader, and various conveyor system and rail upgrades to help handle new coal cargos that will be exported through the Port of Corpus Christi. .

Another significant rail project that is being designed is a new rail interchange yard at the west end of the inner harbor on the north side of the channel adjacent to the Viola Channel. The Viola Channel Interchange Yard will be capable of more efficiently handling the increasing number of unit trains and cars loading and unloading cargos at the Port. This will be on 36 acres of property currently owned by the Authority. Additional projects that will carry over and be completed in early 2011 are the installation of an emergency generator at the Annex Building, and fire pressurization improvements at the Avery Point Oil Docks, the reconstruction of Navigation Blvd., additional paving of open storage yards and rail sidings, the replacement of the Bulkhead at the Viola Turning Basin, hoist and gangway support improvements at the Avery Point oil docks, and the repowering of the Bulk Terminal locomotive switch engine.

The growth of the Authority's cargo tonnage is focus on its cargo diversification efforts. With the reorganization of the Business Development Department in 2009, the Authority continues a more aggressive marketing effort identifying new business opportunities in new markets. The Business Development Department has a clear mandate, to diversify and obtain additional cargoes/clients to the Port. In 2010, the new team continued the efforts to meet with innumerable freight forwarders, shipping agents and shipping lines. This trend will continue throughout the next years within a 400 mile radius from the port. Thus, bulk cargoes, general cargoes have been incremented by thousands of tons. In addition, the department has eagerly pursued the prospect/establishment of a regular shipping line/service to link our port with ports in Mexico, Central and South America intended to initiate the latter part of 2011.

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, 2009. This was the twenty-seventh consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Respectfully Submitted,



John P. LaRue
Executive Director



Dennis J. DeVries
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Corpus Christi
Authority of Nueces County
Texas

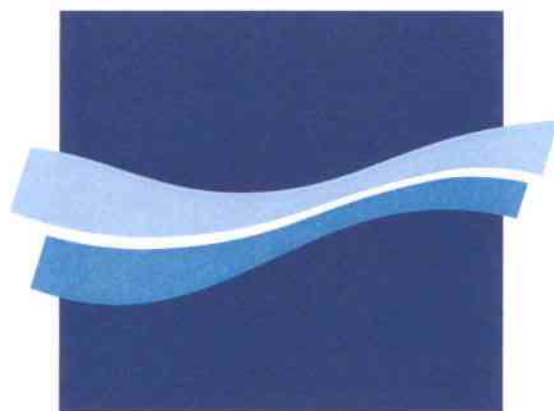
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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.

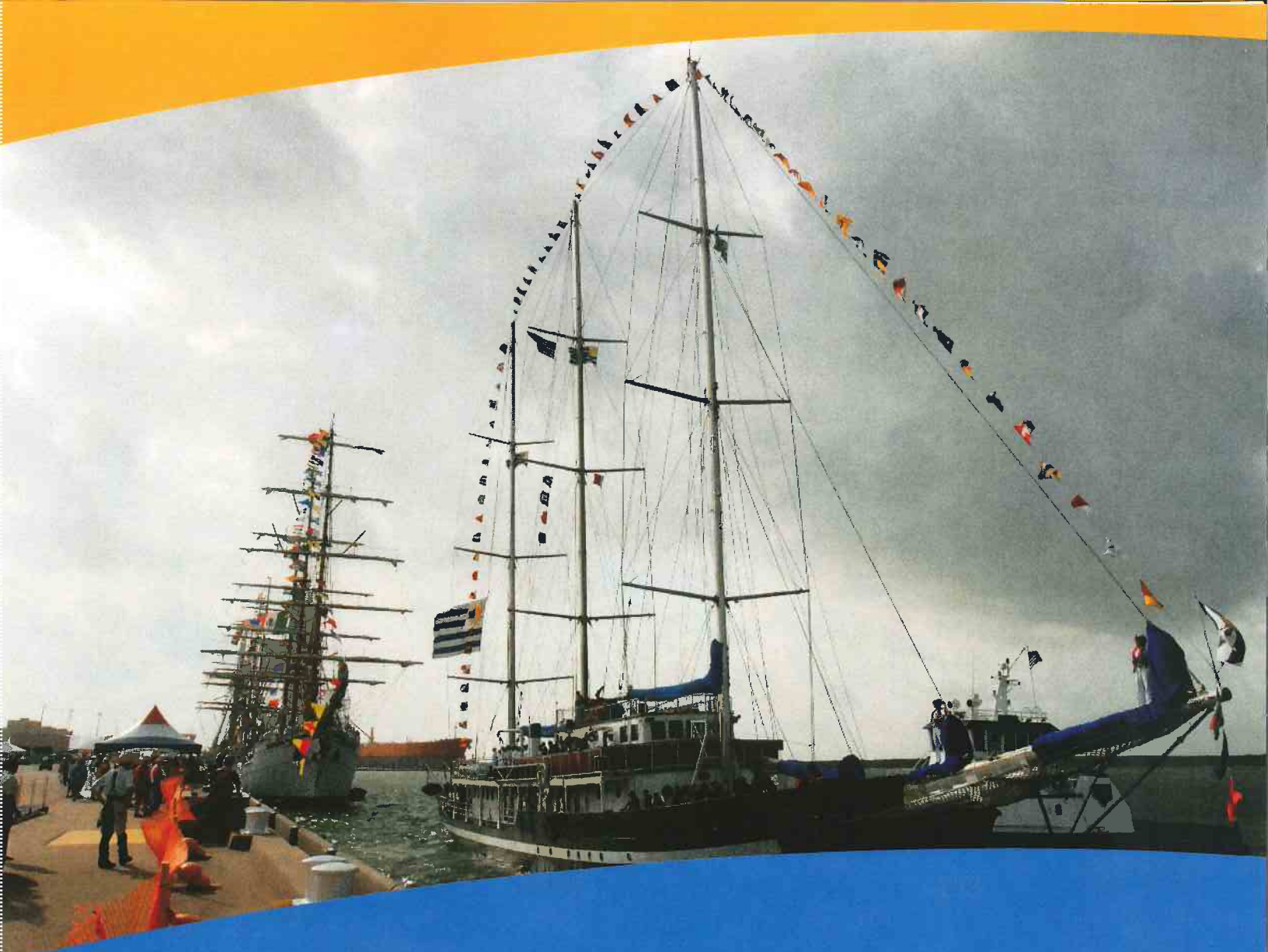


President

Executive Director



PORT**CORPUSCHRISTI**



FINANCIAL SECTION



PORT **CORPUS CHRISTI**



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, 2010 and 2009 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, 2010 and 2009, 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 April 5, 2011 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information on pages 3 through 10 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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 financial statements of the Authority. The supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lovvorn & Kieschnick, LLP

Lovvorn & Kieschnick, LLP
April 5, 2011

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis (Unaudited)
December 31, 2010**

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, 2010 and 2009. 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, 2010 were \$353,199,270. Of this amount, \$29,800,913 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 \$116,609,050 or 149.3% over the prior year. Income before contributions produced an increase in net assets of \$4,938,350, while capital contributions provided an increase of \$111,670,700.
- The Authority's total debt decreased by \$1,220,363 in 2010, 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 31 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, 2010, 2009 and 2008:

	2010	2009	2008	2010-09 Change	2009-08 Change
Assets					
Current assets	\$ 38,695,155	\$ 27,595,569	\$ 31,944,820	\$ 11,099,586	\$ (4,349,251)
Restricted assets	1,927,662	1,747,632	1,756,683	180,030	(9,051)
Capital assets	341,020,588	233,222,853	225,460,257	107,797,735	7,762,596
Other non-current assets	960,804	2,759,234	4,110,059	(1,798,430)	(1,350,825)
Total Assets	382,604,209	265,325,288	263,271,819	117,278,921	2,053,469
Liabilities					
Current liabilities	9,361,529	6,915,890	5,681,364	2,445,639	1,234,526
Long-term debt, net of current portion	7,331,640	8,607,003	9,822,038	(1,275,363)	(1,215,035)
Deferred income, net of current portion	10,489,407	10,946,447	11,403,487	(457,040)	(457,040)
Other liabilities	2,222,363	2,265,728	2,269,920	(43,365)	(4,192)
Total Liabilities	29,404,939	28,735,068	29,176,809	669,871	(441,741)
Net Assets					
Invested in capital assets, net of related debt	321,470,695	211,984,713	202,587,244	109,485,982	9,397,469
Restricted	1,927,662	1,747,632	1,756,683	180,030	(9,051)
Unrestricted	29,800,913	22,857,875	29,751,083	6,943,038	(6,893,208)
Total Net Assets	\$ 353,199,270	\$ 236,590,220	\$ 234,095,010	\$ 116,609,050	\$ 2,495,210

2010 – 2009

The Authority's assets exceeded its liabilities at the close of 2010 by \$353,199,270. This is an increase over 2009 of \$116,609,050. 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 (0.6%) represents resources that are subject to external legal restrictions on how they may be used. The remaining balance of unrestricted net assets (8.4%) may be used to meet the Authority's ongoing obligations to employees and creditors.

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2009 – 2008

The Authority's assets exceeded its liabilities at the close of 2009 by \$236,590,220. This is an increase over 2008 of \$2,495,210. By far, the largest portion of the Authority's net assets (89.6%) 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 (0.7%) represents resources that are subject to external legal restrictions on how they may be used. The remaining balance of unrestricted net assets (9.7%) 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, 2010, 2009 and 2008:

	2010	2009	2008	2010-09 Variance	2009-08 Variance
Revenues					
Operating revenues:					
Wharfage	\$ 26,567,587	\$ 24,826,670	\$ 26,359,823	\$ 1,740,917	\$ (1,533,153)
Dockage	8,138,326	7,319,259	7,078,197	819,067	241,062
Security fees	6,170,288	3,412,485	3,474,748	2,757,803	(62,263)
Freight handling	2,316,667	2,428,621	2,178,423	(111,954)	250,198
Building and land rentals	4,417,518	3,924,060	4,318,458	493,458	(394,398)
Conference center services	1,679,885	2,007,407	1,451,630	(327,522)	555,777
Warehouse handling charges	426,093	596,168	1,367,306	(170,075)	(771,138)
FTZ user fees	337,000	326,000	284,500	11,000	41,500
Other	2,226,488	1,585,220	4,538,108	641,268	(2,952,888)
Total operating revenues	52,279,852	46,425,890	51,051,193	5,853,962	(4,625,303)
Interest revenue	478,291	584,849	932,447	(106,558)	(347,598)
Federal and other grant assistance	60,806	17,570	-	43,236	17,570
Federal funds received as fiscal agent	-	-	284,048	-	(284,048)
Donation of NSI personal property	225,825	-	-	225,825	-
Gain(Loss) on disposal of capital assets	(8,643)	7,266	(308,883)	(15,909)	316,149
Total Revenues	53,036,131	47,035,575	51,958,805	6,000,556	(4,923,230)
Expenses					
Operating expenses:					
Maintenance and operations	20,391,570	20,854,315	21,842,912	(462,745)	(988,597)
General and administrative	15,079,752	15,191,213	13,007,565	(111,461)	2,183,648
Depreciation	12,165,114	10,060,645	9,648,639	2,104,469	412,006
Total operating expenses	47,636,436	46,106,173	44,499,116	1,530,263	1,607,057
Interest expense and fiscal charges	450,602	504,030	562,442	(53,428)	(58,412)
Fiscal payments to subrecipients	-	-	284,048	-	(284,048)
Amortization of bond issuance costs	10,743	20,735	28,615	(9,992)	(7,880)
Total Expenses	48,097,781	46,630,938	45,374,221	1,466,843	1,256,717
Income (Loss) Before Contributions	4,938,350	404,637	6,584,584	4,533,713	(6,179,947)
Capital Contributions	111,670,700	2,090,573	2,510,746	109,580,127	(420,173)
Changes in Net Assets	116,609,050	2,495,210	9,095,330	114,113,840	(6,600,120)
Total Net Assets, Beginning of Year	236,590,220	234,095,010	224,999,680	2,495,210	9,095,330
Total Net Assets, End of Year	\$ 353,199,270	\$ 236,590,220	\$ 234,095,010	\$ 116,609,050	\$ 2,495,210

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Revenues

2010 – 2009

Operating revenues in 2010 increased by \$5,853,962 or 12.6% from 2009. The most significant increase was in security fees of \$2.8 million over 2009. In April, a harbor safety fee was imposed to assist in offsetting the costs of the Authority's marine patrol unit, and this fee has generated \$2.5 million in 2010. In addition, wharfage revenues increased \$1.7 million in 2010, and of this increase, \$1.5 million was at the public and private oil docks. This increase is largely attributed to an increase in the movement of petroleum products of 7.5% over 2009. An increase in vessel traffic of 12% has also led to an increase in dockage fees of \$819 thousand. Other revenues increased \$641 thousand. Fireboat fees in 2010 increased by \$185 thousand compared to 2009. In 2009, the Authority's fire fighting response vessel sustained damage and was out of service for three months. In addition, the Authority received insurance reimbursement of \$350 thousand in 2010 to offset these damage repairs made in 2009.

2009 – 2008

Operating revenues in 2009 decreased by \$4,625,303 or 9.1% from 2008. The most significant decrease was in other revenues of \$3.0 million from 2008. The Authority periodically receives disposal fees for the placement of dredge material in the Authority's dredge disposal placement areas by customers who perform maintenance dredging along their docks. In 2009, the Authority saw a significant decline in this maintenance dredging activity by our customers from 2008 that resulted in a drop in disposal fee revenue of \$2.5 million. In addition, wharfage revenues declined \$1.5 million in 2009. The movement of petroleum products in 2009 dropped 8%, and as a result, wharfage revenues at both the public and private oil docks were down \$1.2 million. Another factor in the decrease in revenues was the drop in warehouse handling charges of \$771 thousand from 2008. The Authority ceased operations of the refrigerated warehouse and leased the facility in July, 2009.

Expenses

2010 – 2009

Operating expenses in 2010 increased \$1,530,263 or 3.3% over 2009. In April 2010, Naval Station Ingleside (NSI) reverted to the Authority and the costs of the facility have been the most significant factor for the increase in expenses. The major cost increases at NSI are as follows:

● Maintenance	\$ 844,785
● Utilities	612,248
● Insurance	366,443
● Security services	268,939
● Depreciation	1,911,663

The Authority has made an effort to reduce or maintain expenditure levels in 2010 to offset the impact of NSI. The Authority implemented an early retirement program and a reduction in force, eliminating 10 full time positions, and made reductions in administrative overhead costs. Major maintenance project expenses decreased \$1.9 million, partly due to budget reductions, but also to the Authority's cost share in 2009 of \$1.1 million for the maintenance dredging of Jewell Fulton and La Quinta channels by the U.S. Army Corp of Engineers.

2009 – 2008

Operating expenses in 2009 increased \$1,607,057 or 3.6% over 2008. A major factor in this increase was professional services which increased \$1.4 million over 2008. In 2009, the Authority incurred additional costs associated with the site restoration and remediation of the crude oil tank farms located on Harbor Island; the Authority also engaged Texas A&M University to act as the Authority's master developer of the Naval Station Ingleside land that will revert to the Authority on May 1, 2010. In addition, the Authority is in

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pursuit of the designation as a cotton delivery point and has incurred associated legal and consulting costs. Employee services costs increased \$418 thousand as a result of a COLA given to employees in 2009, coupled with costs associated with two newly created deputy port director positions. These increases were partially offset by a reduction in the Authority's self-funded medical and dental costs in 2009. A reduction in employee services costs associated with the leasing of our refrigerated warehouse facility were also offset by the hiring of additional police officers to support the Authority's new marine patrol unit. The Authority also recorded increases in business and community development expenses for service contracts with area economic development corporations, public relations expenses for a new public relations media campaign, utilities costs and depreciation, collectively totaling \$1.2 million. These increases were however offset by a decrease in maintenance expenses of \$1.2 million. Contracted labor services also fell by \$432 thousand as a result of leasing the Authority's refrigerated warehouse facility midway through 2009.

Capital Grants and Contributions

2010 – 2009

Capital grants and contributions increased by \$109,580,127 from 2009. 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. In addition to the receipt of capital grants, the Authority was the recipient of the Naval Station Ingleside properties when the base was closed by the Base Realignment and Closure Commission in April. Major capital grants and contributions at December 31, 2010 include the following:

● Donation of Naval Station Ingleside	\$ 101,671,427
● Security Enhancements	5,024,930
● Joe Fulton International Trade Corridor	4,974,343

2009 – 2008

Capital grants and contributions decreased by \$420,173 from 2008. 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, 2009 include the following:

● Security Enhancements	\$ 1,090,573
● Coastal Impact-Pelican Shoreline Erosion	1,000,000

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2010 – 2009

The Authority's investment in capital assets as of December 31, 2010, amounts to \$341,020,588 (net of accumulated depreciation). This investment in capital assets includes port facilities, elevator and bulk terminal facilities, machinery and equipment, property and buildings, furniture and equipment, intangibles and construction in progress. This amount represents a net increase (additions net of retirements and depreciation) of \$107,797,735 or 46.2%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 21.

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Major capital asset additions during 2010 include the following:

● Naval Station Ingleside	\$ 101,671,427
● Shoreline Erosion Protection-Pelican Island	1,245,114
● Renovations of Oil Dock Houses	705,771
● Purchase of security boats	669,350
● Improvements to the Bulk Loader	611,821

Capital Assets

2009 – 2008

The Authority's investment in capital assets as of December 31, 2009, amounts to \$233,222,853 (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 \$7,762,596 or 3.4%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 21.

Major capital asset additions during 2009 include the following:

● North Bank Open Storage Area	\$ 5,484,905
● Conference Center Roof Replacement	459,357
● Oil Dock 12 Upgrades	411,776
● Install Secondary Oil Containment Pans at Oil Docks	395,146

The following table summarizes the Authority's capital assets (net of accumulated depreciation) as of December 31, 2010, 2009 and 2008:

	2010	2009	2008	2010-09 Change	2009-08 Change
Capital assets, not being depreciated:					
Land	\$ 60,346,608	\$ 40,215,339	\$ 40,215,339	\$ 20,131,269	\$ -
Channel & waterfront improvements	18,868,431	18,868,431	18,868,431	-	-
Intangibles	50,000	50,000	50,000	-	-
Construction in progress	30,866,201	16,898,775	6,873,834	13,967,426	10,024,941
	110,131,240	76,032,545	66,007,604	34,098,695	10,024,941
Capital assets, being depreciated:					
Port facilities	135,604,906	91,029,637	94,173,467	44,575,269	(3,143,830)
Buildings & improvements	82,744,445	51,991,005	49,221,531	30,753,440	2,769,474
Machinery and equipment	12,374,198	13,803,430	15,431,342	(1,429,232)	(1,627,912)
Intangibles	165,799	366,236	626,313	(200,437)	(260,077)
	230,889,348	157,190,308	159,452,653	73,699,040	(2,262,345)
Net Capital Assets	\$ 341,020,588	\$ 233,222,853	\$ 225,460,257	\$ 107,797,735	\$ 7,762,596

Long-term Debt

As of December 31, 2010, the Authority had long-term debt outstanding of \$8,596,640. This amount is comprised of general revenue bonds. The Authority's debt decreased through its annually scheduled debt service payments during 2010 and 2009. Additional information regarding the Authority's long-term debt can be found in Note 6 to the financial statements on page 23. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2010, 2009 and 2008:

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	2010	2009	2008	2010-09 Change	2009-08 Change
General revenue bonds	\$ 8,596,640	\$ 9,817,003	\$ 10,982,038	\$ (1,220,363)	\$ (1,165,035)
Total Long-term Debt	\$ 8,596,640	\$ 9,817,003	\$ 10,982,038	\$ (1,220,363)	\$ (1,165,035)

The Authority maintains an A3 rating from Standard and Poor's Corporation and an A 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, 2010 the Authority's revenue bond coverage was 10.51 times, compared to 6.58 times as of December 31, 2009.

ECONOMIC OUTLOOK

The results of 2010 saw an improvement over 2009. The Authority saw an increase in both tonnage throughput and ship/barge activity over 2009. This equated into an increase in both wharfage and dockage revenues over 2009. Coupled with this increase, we felt the positive effects of the implementation of the new Harbor Safety Fee that provided for funding assistance to cover security related costs associated with the Authority's Marine Patrol Unit. The Authority was also able to control expenses through the implementation of an early retirement program and a reduction in force, the re-evaluation of staffing needs for the marine patrol security division, and a reduction in administrative overhead expenses.

The Authority reviews its tariff structure on a continuous basis, as well as it looks to ways to reduce its overall operating costs while fulfilling its mission as the primary economic catalyst of the region. During 2010, the Authority continued to work on a number of diversification initiatives that will be carried forward over the next few years. These initiatives include the following:

- The Authority continues moving forward with the development of its state-of-the-art container and multipurpose facility, La Quinta Trade Gateway Terminal. Goldston Engineering, a CH2M HILL Company, and Lockwood, Andrews & Newman, Inc. finalized the engineering design of the initial phase of the facility providing necessary information to define costs to be ready to solicit bids in 2011.
- To maximize productivity of its facilities, the Authority continued its efforts to find an operator to lease its Cold Storage Facility.
- The Authority continues to serve as a Military Strategic Deployment Port. In 2010, the Authority continued the identification and improvements of additional acres of all-weather cargo staging area for future military deployments and redeployments. A new 24.5 acre yard on the north side of the inner harbor was constructed to support future military deployments and commercial cargos. The Authority served as the home port for the USNS Benavidez throughout 2010.
- The Authority continues 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 and continues a strong marketing promotion of the Authority in that sector.
- The Authority received the U. S. Naval Station Ingleside property as part of the Base Realignment and Closure (BRAC) legislation of 2005 to the Authority. The facility reverted to the Authority on April 30, 2010, including a 1,100-foot concrete pier and over 2,400 feet of wharf space. The Authority continues its master planning to help assess and market what would be the best use for a total of 1,012 acres comprised of Naval Station Ingleside property and adjacent Authority green field property.
- 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

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from the State of Texas Commission of Environmental Quality (TCEQ) in fall of 2009. 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 2014, creating from 80 to 100 direct and 150 to 175 indirect jobs once operating. The Authority entered into a ground lease with Las Brisas Energy Center, LLC on December 8, 2009 for 82.48 acres of land located on the northside of the ship channel immediately west of the Authority's Bulk Terminal for the construction of the new electric generating facility.

- The future looks bright for the Authority's Bulk Terminal and to accommodate its growth, several upgrades to the facility and its material handling equipment will take place in 2011. The various conveyor system and rail upgrades will support the exports of new coal cargos to Asia, Europe and Latin America.
- The Authority began the design of its new rail interchange yard. A significant project to support the growth of rail movements through the port. The new yard will be located at the west end of the inner harbor on the north side of the channel adjacent to the Viola Channel. The Viola Channel Interchange Yard will be capable of more efficiently handling the increasing number of unit trains and cars loading and unloading cargos at the Port.

REQUESTS FOR INFORMATION

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

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**Statement of Net Assets
December 31, 2010 and 2009**

	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 19,776,587	\$ 18,402,382
Cash and cash equivalents-restricted (Note 2)	6,604	5,588
Investments (Note 2)	5,490,614	-
Accounts receivable (net of allowance for doubtful accounts of \$52,463 and \$137,730 for 2010 and 2009, respectively)	6,895,702	4,943,161
Interest receivable	4,031	-
Intergovernmental receivable	3,700,172	1,723,932
Notes receivable, current portion (Note 3)	831,827	770,210
Inventory	846,071	793,052
Prepaid expenses	1,143,547	957,244
<i>Total Current Assets</i>	<u>38,695,155</u>	<u>27,595,569</u>
NON-CURRENT ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	1,704,468	1,747,632
Other assets (Note 11)	223,194	-
<i>Total Restricted Assets</i>	<u>1,927,662</u>	<u>1,747,632</u>
CAPITAL ASSETS:		
Capital assets, not being depreciated (Note 4)	110,131,240	76,032,545
Capital assets, being depreciated, net (Note 4)	230,889,348	157,190,308
<i>Capital Assets, Net</i>	<u>341,020,588</u>	<u>233,222,853</u>
OTHER NON-CURRENT ASSETS:		
Notes receivable, net of current portion (Note 3)	960,804	2,748,491
Bond issuance costs, net of accumulated amortization	-	10,743
<i>Total Other Non-Current Assets</i>	<u>960,804</u>	<u>2,759,234</u>
<i>Total Non-Current Assets</i>	<u>343,909,054</u>	<u>237,729,719</u>
TOTAL ASSETS	<u>382,604,209</u>	<u>265,325,288</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	3,947,099	2,548,270
Accrued expenses	681,907	835,657
Deferred income	1,951,004	669,969
Deferred lease income, current portion (Note 6)	457,040	457,040
Current maturities of long-term debt (Note 6)	1,265,000	1,210,000
Accrued interest payable	34,034	38,391
Capital leases, current portion (Note 6)	9,764	17,099
Compensated absences, current portion (Note 6)	1,009,077	1,133,876
Current restricted liabilities payable from restricted current assets	6,604	5,588
<i>Total Current Liabilities</i>	<u>9,361,529</u>	<u>6,915,890</u>
NON-CURRENT LIABILITIES:		
Long-term debt, net of current maturities (Note 6)	7,331,640	8,607,003
Deferred lease income, net of current portion (Note 6)	10,489,407	10,946,447
Capital leases, net of current portion (Note 6)	521	10,285
Compensated absences, net of current portion (Note 6)	1,933,491	2,102,894
Net OPEB obligation (Note 8)	288,351	152,549
<i>Total Non-Current Liabilities</i>	<u>20,043,410</u>	<u>21,819,178</u>
TOTAL LIABILITIES	<u>29,404,939</u>	<u>28,735,068</u>
NET ASSETS:		
Invested in capital assets, net of related debt	321,470,695	211,984,713
Restricted:		
Debt service	1,671,617	1,671,484
Channel improvements	225	225
Other assets (Note 11)	223,194	-
Law enforcement	32,626	75,923
Unrestricted	29,800,913	22,857,875
TOTAL NET ASSETS	<u>\$ 353,199,270</u>	<u>\$ 236,590,220</u>

See accompanying notes to financial statements

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

**Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2010 and 2009**

	2010	2009
OPERATING REVENUES:		
Wharfage	\$ 26,567,587	\$ 24,826,670
Dockage	8,138,326	7,319,259
Security fees	6,170,288	3,412,485
Freight handling	2,316,667	2,428,621
Building and land rentals	4,417,518	3,924,060
Conference center services	1,679,885	2,007,407
Warehouse handling charges	426,093	596,168
FTZ user fees	337,000	326,000
Other	2,226,488	1,585,220
<i>Total Operating Revenues</i>	<u>52,279,852</u>	<u>46,425,890</u>
OPERATING EXPENSES:		
Maintenance and operations	20,391,570	20,854,315
General and administrative	15,079,752	15,191,213
Depreciation	12,165,114	10,060,645
<i>Total Operating Expenses</i>	<u>47,636,436</u>	<u>46,106,173</u>
<i>Operating Income</i>	<u>4,643,416</u>	<u>319,717</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest revenue	478,291	584,849
Federal and other grant assistance	60,806	17,570
Donation of NSI personal property	225,825	-
Gain (loss) on disposal of capital assets	(8,643)	7,266
Interest expense and fiscal charges	(450,602)	(504,030)
Amortization of bond issuance costs	(10,743)	(20,735)
<i>Net Non-Operating Revenues</i>	<u>294,934</u>	<u>84,920</u>
<i>Income Before Capital Grants and Contributions</i>	<u>4,938,350</u>	<u>404,637</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>111,670,700</u>	<u>2,090,573</u>
<i>Change in Net Assets</i>	<u>116,609,050</u>	<u>2,495,210</u>
<i>Total Net Assets , Beginning of Year</i>	<u>236,590,220</u>	<u>234,095,010</u>
<i>Total Net Assets, End of Year</i>	<u>\$ 353,199,270</u>	<u>\$ 236,590,220</u>

See accompanying notes to financial statements

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

**Statement of Cash Flows
For the Years Ended December 31, 2010 and 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 51,110,478	\$ 47,754,975
Cash received from other operating sources	30,530	30,820
Cash payments to suppliers for goods & services	(16,614,016)	(15,758,414)
Cash payments to employees for services	(18,804,311)	(19,919,353)
<i>Net Cash Provided by Operating Activities</i>	<u>15,722,681</u>	<u>12,108,028</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal funds received as fiscal agent	8,301	275,747
Operating grants received	32,060	-
<i>Net Cash Provided (Used) for Noncapital Financing Activities</i>	<u>40,361</u>	<u>275,747</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(17,546,101)	(16,974,089)
Capital grants and contributions	8,046,282	502,857
Proceeds from sale of assets	42,200	21,950
Principal payment of capital debt	(1,219,061)	(1,168,899)
Interest payments on capital debt	(464,021)	(512,305)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(11,140,701)</u>	<u>(18,130,486)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	21,629	75,780
Purchase of investments	(5,490,000)	-
Principal payments on notes receivable	1,726,070	1,273,037
Interest received on notes receivable	452,017	509,069
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>(3,290,284)</u>	<u>1,857,886</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>1,332,057</u>	<u>(3,888,825)</u>
<i>Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts</i>	<u>20,155,602</u>	<u>24,044,427</u>
<i>Cash and Cash Equivalents at End of Year, Including Restricted Accounts</i>	<u>\$ 21,487,659</u>	<u>\$ 20,155,602</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 4,643,416	\$ 319,717
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	12,165,114	10,060,645
Interest expense (non-capital)	(1,301)	(764)
Supplies provided by NSI	2,631	-
Changes in assets and liabilities:		
Accounts receivable	(1,952,541)	1,754,792
Intergovernmental receivable	(2,804)	30,818
Inventories	(53,019)	3,701
Prepaid items	(186,303)	66,758
Accounts payable	602,665	35,477
Accrued expenses	(277,533)	257,364
Deferred income	1,281,035	33,585
Deferred lease income	(457,040)	(457,040)
Financing leases	(8,038)	(9,932)
Net OPEB obligation	135,802	49,408
Compensated absences	(169,403)	(36,501)
<i>Total Adjustments</i>	<u>11,079,265</u>	<u>11,788,311</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 15,722,681</u>	<u>\$ 12,108,028</u>
Noncash Investing, Capital, and Financing Activities:		
Amortization of issue costs and discount on revenue bonds	\$ 380	\$ 15,700
Gain (loss) on disposal of capital assets	(8,643)	7,266
Donations of personal property-NSI	223,194	-
Donations of capital assets	101,671,427	-

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:

	2010	2009
Total Net Assets	\$ 3,000	\$ 2,699
Change in Net Assets	\$ 301	\$ (218)

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

BASIS OF ACCOUNTING

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. All enterprise funds are accounted for on a flow of economic resources measurement focus, whereby all assets and all liabilities associated with the operation of these funds are included on the 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 CASH EQUIVALENTS

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

INVESTMENTS

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 AND PREPAID ITEMS

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.

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

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, 2010 and 2009.

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

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

RESTRICTED ASSETS

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

United States Department of Justice Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies or the *United States Department of Treasury Guide of Equitable Sharing For Foreign Countries and Federal, State and Local Law Enforcement Agencies*. Revenues received from participating in the State sharing of forfeited properties are also restricted for use as defined by state statutes. Cash is reported as a restricted asset. The Authority 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 2010, as compared to 66 percent for 2009. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing nearly 84 percent of the total cargo tonnage moved through the Authority in 2010, compared to 84 percent in 2009.

ESTIMATES

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

RECLASSIFICATIONS

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

RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 51 "Accounting and Financial Reporting for Intangible Assets" establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The Authority is a Phase II government as defined by the Statement, and has retroactively reported intangible assets (Note 4 to financial statements) as required.

RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

GASB Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments" establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. There was no current effect on the financial statements as a result of implementing this Statement.

GASB Statement No. 58 "Accounting and Financial Reporting for Chapter 9 Bankruptcies" establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. There was no current effect on the financial statements as a result of implementing this Statement.

2. DEPOSITS AND INVESTMENTS

The Authority's investments at December 31, 2010 and 2009 are as follows:

Investment Type	2010			2009		
	Carrying Value	Fair Value	Weighted Average Maturity (Days)	Carrying Value	Fair Value	Weighted Average Maturity (Days)
Certificates of Deposit	\$ 5,490,614	\$ 5,490,614	331	\$ -	\$ -	
Mutual fund-AIM	-	-		19,464,158	19,464,158	1
Local government pool-TEXPOOL	20,113,066	20,113,066	1	-	-	
Total	25,603,680	25,603,680		19,464,158	19,464,158	
Short-term investments included in cash and cash equivalents	20,113,066	20,113,066		19,464,158	19,464,158	
Equity in Total Investments	\$ 5,490,614	\$ 5,490,614		\$ -	\$ -	
Portfolio weighted average maturity			72			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. The Public Funds Investment Act ("PFIA"), Chapter 2256 of the Texas Government Code governs the types of investments that the Authority may invest in. The Authority's policy for managing credit risk, in compliance with state law, allows the Authority's to invest in obligations of the United States government, its agencies, and instrumentalities with a maximum stated maturity of two years, excluding mortgage backed securities; fully insured or collateralized certificates of deposit issued by banks doing business in Texas, with a maximum stated maturity of one year; 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; AAA Rated, constant dollar local government investment pools; money market mutual funds registered with the Securities and Exchange Commission whose assets consist exclusively of obligations of the United States Treasury, its agencies or instrumentalities and repurchase agreements backed by those securities; and interest bearing accounts in banks doing business in Texas.

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

The AIM Fund is an open-ended mutual fund, consisting of direct obligations of the United States Treasury and other securities issued or guaranteed as to principal and interest by the United States 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.

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, 2010, the Authority's investment portfolio consisted of the following:

- investment in one AAAM rated local government investment pool representing 78.6 percent, and
- investment in collateralized certificates of deposit representing 21.4 percent.

At December 31, 2009, 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, 2010 the Authority's deposits held at financial institutions of \$7,297,540 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, 2009, the Authority's deposits held at financial institutions of \$1,168,025 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, 2010 and 2009 are summarized as follows:

	2010	2009
\$12,000,000 Note Receivable due in annual principal installments ranging from \$831,827 to \$898,373 through 2012; interest at 8.0%.	\$ 4,879,996	\$ 5,650,206
Less: Principal Prepayments	3,087,365	2,131,505
Principal Outstanding	1,792,631	3,518,701
Less: Current Maturities	831,827	770,210
Notes Receivable - Net	\$ 960,804	\$ 2,748,491

Total note receivable requirements as of December 31, 2010, are as follows:

	Principal	Interest	Total
2011	\$ 831,827	\$ 390,400	\$ 1,222,227
2012	898,373	323,853	1,222,226
2013	62,431	4,995	67,426
Total	\$ 1,792,631	\$ 719,248	\$ 2,511,879

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 2010 and 2009, the Authority credited \$2,178,087 and \$1,782,106, respectively of applicable revenue received from wharfage and dockage fees collected to the debt service account.

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

**Notes to Financial Statements
December 31, 2010 and 2009**

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 40,215,339	\$ 20,165,114	\$ 33,845	\$ 60,346,608
Channel and waterfront improvements	18,868,431	-	-	18,868,431
Intangibles	50,000	-	-	50,000
Construction in progress	16,898,775	13,967,426	-	30,866,201
Total capital assets, not being depreciated	76,032,545	34,132,540	33,845	110,131,240
Capital assets, being depreciated:				
Port facilities	182,044,334	50,611,684	-	232,656,018
Buildings and improvements	76,155,243	34,420,856	-	110,576,099
Machinery and equipment	28,584,933	848,612	94,904	29,338,641
Intangibles	1,651,656	-	-	1,651,656
Total capital assets, being depreciated	288,436,166	85,881,152	94,904	374,222,414
Less: accumulated depreciation for				
Port facilities	91,014,697	6,036,415	-	97,051,112
Buildings and improvements	24,164,238	3,667,416	-	27,831,654
Machinery and equipment	14,781,503	2,260,846	77,906	16,964,443
Intangibles	1,285,420	200,437	-	1,485,857
Total accumulated depreciation	131,245,858	12,165,114	77,906	143,333,066
Total capital assets, being depreciated, net	157,190,308	73,716,038	16,998	230,889,348
Total capital assets, net	\$ 233,222,853	\$ 107,848,578	\$ 50,843	\$ 341,020,588

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 40,215,339	\$ -	\$ -	\$ 40,215,339
Channel and waterfront improvements	18,868,431	-	-	18,868,431
Intangibles	50,000	-	-	50,000
Construction in progress	6,873,834	10,024,941	-	16,898,775
Total capital assets, not being depreciated	66,007,604	10,024,941	-	76,032,545
Capital assets, being depreciated:				
Port facilities	180,314,206	1,730,128	-	182,044,334
Buildings and improvements	70,730,405	5,424,838	-	76,155,243
Machinery and equipment	28,342,346	658,018	415,431	28,584,933
Intangibles	1,651,656	-	-	1,651,656
Total capital assets, being depreciated	281,038,613	7,812,984	415,431	288,436,166
Less: accumulated depreciation for				
Port facilities	86,140,740	4,873,957	-	91,014,697
Buildings and improvements	21,508,873	2,655,365	-	24,164,238
Machinery and equipment	12,861,004	2,321,246	400,747	14,781,503
Intangibles	1,075,343	210,077	-	1,285,420
Total accumulated depreciation	121,585,960	10,060,645	400,747	131,245,858
Total capital assets, being depreciated, net	159,452,653	(2,247,661)	14,684	157,190,308
Total capital assets, net	\$ 225,460,257	\$ 7,777,280	\$ 14,684	\$ 233,222,853

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, 2010, 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	
2011	\$ 3,200,785
2012	2,726,040
2013	2,531,494
2014	1,888,899
2015	1,275,831
Thereafter	18,338,407
Total	\$ 29,961,456

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	31,276
Capitalized, net	4,750
Expensed	33,414
Total	\$ 38,164

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2010 are as follows:

Years Ending	
2011	\$ 10,012
2012	525
Total minimum lease payments	10,537
Less: Amount representing interest	(252)
Present value of minimum lease payments	\$ 10,285

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009 are as follows:

Years Ending	
2010	\$ 18,042
2011	10,012
2012	525
Total minimum lease payments	28,579
Less: Amount representing interest	(1,195)
Present value of minimum lease payments	\$ 27,384

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, 2010, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 9,725,000	\$ -	\$ 1,210,000	\$ 8,515,000	\$ 1,265,000
Accumulated Accretion	92,003	-	10,363	81,640	
Total	\$ 9,817,003	\$ -	\$ 1,220,363	\$ 8,596,640	\$ 1,265,000

A statement of changes in long-term debt for the year ended December 31, 2009, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 10,885,000	\$ -	\$ 1,160,000	\$ 9,725,000	\$ 1,210,000
Accumulated Accretion	97,038	-	5,035	92,003	
Total	\$ 10,982,038	\$ -	\$ 1,165,035	\$ 9,817,003	\$ 1,210,000

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Long-term debt as of December 31, 2010 and 2009 is summarized as follows:

	2010	2009
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 \$720,000 to \$910,000 through 2016; interest at 4.6 percent to 5.2 percent.	\$ 4,865,000	\$ 5,555,000
\$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 \$545,000 to \$680,000 through 2016; interest at 4.3 percent to 4.9 percent.	3,650,000	4,170,000
Total Revenue Bonds	8,515,000	9,725,000
Accumulated Accretion	81,640	92,003
Total Revenue Bonds and Accumulated Accretion	8,596,640	9,817,003
Less Current Maturities	1,265,000	1,210,000
Long-term Debt - Net	\$ 7,331,640	\$ 8,607,003

Total debt service requirements as of December 31, 2010 are as follows:

	Principal	Interest	Total
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
Thereafter	1,590,000	80,640	1,670,640
Total	\$ 8,515,000	\$ 1,514,700	\$ 10,029,700

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, 2010, 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	
2011	\$ 457,040
2012	457,040
2013	457,040
2014	457,040
2015	457,040
Thereafter	8,661,247
Total	\$ 10,946,447

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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, 2010, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital leases	\$ 27,384	\$ -	\$ 17,099	\$ 10,285	\$ 9,764
Total	\$ 27,384	\$ -	\$ 17,099	\$ 10,285	\$ 9,764

A statement of changes in capital leases for the year ended December 31, 2009, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital leases	\$ 46,215	\$ -	\$ 18,831	\$ 27,384	\$ 17,099
Total	\$ 46,215	\$ -	\$ 18,831	\$ 27,384	\$ 17,099

Capital leases as of December 31, 2010 and 2009 is summarized as follows:

	2010	2009
Capital leases	\$ 10,285	\$ 27,384
Less Current Portion	9,764	17,099
Capital leases - Net	\$ 521	\$ 10,285

COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2010, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 972,052	\$ 696,907	\$ 770,773	\$ 898,186	\$ 654,899
Sickleave	2,264,718	412,286	632,622	2,044,382	354,178
Total	\$ 3,236,770	\$ 1,109,193	\$ 1,403,395	\$ 2,942,568	\$ 1,009,077

A statement of changes in compensated absences for the year ended December 31, 2009, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 926,530	\$ 740,127	\$ 694,605	\$ 972,052	\$ 694,605
Sickleave	2,170,749	533,240	439,271	2,264,718	439,271
Total	\$ 3,097,279	\$ 1,273,367	\$ 1,133,876	\$ 3,236,770	\$ 1,133,876

Compensated Absences as of December 31, 2010 and 2009 are summarized as follows:

	2010	2009
Vacation	\$ 898,186	\$ 972,052
Sickleave	2,044,382	2,264,718
Total Compensated Absences	2,942,568	3,236,770
Less Current Portion	1,009,077	1,133,876
Compensated Absences - Net	\$ 1,933,491	\$ 2,102,894

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OPEB OBLIGATION

A statement of changes in OPEB Obligation for the year ended December 31, 2010, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	\$ 152,549	\$ 201,594	\$ 65,792	\$ 288,351	\$ -
Total	\$ 152,549	\$ 201,594	\$ 65,792	\$ 288,351	\$ -

A statement of changes in OPEB Obligation for the year ended December 31, 2009, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	\$ 103,141	\$ 199,525	\$ 150,117	\$ 152,549	\$ -
Total	\$ 103,141	\$ 199,525	\$ 150,117	\$ 152,549	\$ -

OPEB Obligations as of December 31, 2010 and 2009 is summarized as follows:

	2010	2009
OPEB Obligation	\$ 288,351	\$ 152,549
Less Current Portion	-	-
OPEB Obligation - Net	\$ 288,351	\$ 152,549

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 602 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.

Funding Policy

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

The actuarially determined rate for the calendar year 2010 was 8.10 percent and for the calendar year 2009 was 8.21 percent, however the governing body of the Authority adopted the rate of 11 percent for the calendar year 2010 and 2009.

The deposit rate payable by all employee members for the calendar year 2010 and 2009 was 7 percent as adopted by the governing body of the Authority. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. Employee and Authority contributions were \$828,848 and \$1,302,474, respectively for the year ended December 31, 2010, and \$797,857 and \$1,253,776, respectively for the year ended December 31, 2009.

Annual Pension Cost

For the Authority's year ended December 31, 2010, the annual pension cost for the TCDRS plan for its employees and the actual contributions for its employees were \$1,302,474. Three-year annual trend information on annual pension cost is as follows:

Years Ended December 31,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 1,302,474	100.00%	\$ -
2009	1,253,776	100.00%	-
2008	1,132,885	100.00%	-

The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 8 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009 was 6.4 years.

As of December 31, 2009, the most recent actuarial valuation date, the plan was 80.90 percent funded. The actuarial accrued liability for benefits was \$24,899,158, and the actuarial value of assets was \$20,143,863 resulting in an unfunded actuarial accrued liability (UAAL) of \$4,755,295. The covered payroll (annual payroll of active employees covered by the plan) was \$11,397,962, and the ratio of the UAAL to the covered payroll was 41.72 percent.

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

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 was January 1, 2008. The Authority is required to obtain an actuarial valuation at least once every three years in accordance with GASB 45 standards. The Authority's latest valuation is dated as of January 1, 2008, and discloses the following:

Plan Description

The Authority provides postretirement healthcare benefits to eligible retired employees and their spouses through provisions enacted by the authority of the Port Commission. At December 31, 2010, six former employees were eligible for these benefits. The Authority funds a portion of the premiums for health insurance. Continuation of these benefits and the Authority's contributions are dependent on periodic authorization by the Port Commission. The health insurance benefits provided to retirees are the same as those offered to active employees. The supplied benefits include hospital, doctor, dental and prescription drug charges.

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

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

Funding Policy

The required contribution is based on a projected pay-as-you-go basis, which is expected to continue. The cost of retiree health and life benefits, recorded on a pay-as-you-go basis was \$65,792 for the year ended December 31, 2010 and \$150,117 for the year ended December 31, 2009.

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	85,909
Annual Required Contribution (ARC)	<u>204,314</u>
Determination of Net OPEB Obligation	
Annual Required Contribution	204,314
Interest on Prior Year Net OPEB Obligation	6,102
Adjustment to ARC	<u>(8,822)</u>
Annual OPEB Cost	201,594
Contributions Made	<u>(65,792)</u>
Increase in Net OPEB Obligation	135,802
Net OPEB Obligation - Beginning of Year	\$ 152,549
Net OPEB Obligation - End of Year	<u><u>\$ 288,351</u></u>

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:

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Years Ended December 31,	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2010	4.00%	\$ 201,594	74.47%	\$ 288,351
2009	4.00%	199,525	75.24%	152,549
2008	4.00%	195,399	47.22%	103,141

Funding Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities (AAL) (1)	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio
January 1, 2010	\$ -	4.0%	\$ 1,430,581	\$ 1,430,581	0.0%
January 1, 2009	-	4.0%	1,408,938	1,408,938	0.0%
January 1, 2008	-	4.0%	1,331,381	1,331,381	0.0%

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

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

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

Actuarial Methods and Assumptions

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

The actuarial cost method used to determine the OPEB obligation is computed using the 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, 2010, the Authority had remaining contractual construction and improvement commitments of approximately \$7,350,149. 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 \$2,654,641. 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

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awards. At December 31, 2010, the liability of \$207,216 is comprised of estimated health claims of \$195,987 and estimated workers compensation claims of \$11,229. At December 31, 2009, the liability of \$210,487 was comprised of estimated health claims of \$186,950 and workers compensation claims of \$23,537.

Changes in the balances of claims liabilities as of December 31, 2010 and 2009 are as follows:

	2010	2009
Unpaid claims, beginning of fiscal year	\$ 210,487	\$ 353,673
Incurred claims (including IBNRs)	2,242,105	2,182,638
Claims payments	(2,245,376)	(2,325,824)
Unpaid claims, end of fiscal year	\$ 207,216	\$ 210,487

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 \$625,395,000. The bonds are secured solely by the facilities and installment sales agreements, and the Authority and IDC assumed no current or future obligation for repayment of the bonds. The installment sales agreements were entered into with the entities for an amount equal to the outstanding bonds to secure repayment. The proceeds of the bonds were received and used by the entities and are repaid when due directly by the entities. At December 31, 2010, facilities financing revenue bonds outstanding amounted to \$597,495,000.

11. REVERSION OF NAVAL STATION INGLESIDE PROPERTY

The Authority, by Special Warranty Deed, conveyed land in 1987 to the United States of America ("Navy") for the purpose of construction of Naval Station Ingleside (NSI) with the provision that should the subject property no longer be used for maritime purposes by the Department of Defense, the subject property would revert to the Authority. On September 8, 2005, Naval Station Ingleside was recommended to the President for closure by the Base Realignment and Closure Commission. In accordance with the Defense Base Closure and Realignment Act of 1990, the recommendation became effective and binding in November, 2005. The Authority has exercised its reversionary rights to the subject property under the Deed and the title to the subject property reverted back to the Port in April, 2010. The fair market value as determined by the appraisal of the land and improvements has been reported as capital assets in the Authority's statement of net assets and as a capital contribution on the statement of revenues, expenses and changes in net assets in the amount of \$101,671,427.

The Authority, acting as the Naval Station Ingleside Main Base Implementing Local Redevelopment Authority (ILRA) was conveyed the personal property remaining at NSI by Base Realignment and Closure Commission letter dated May 19, 2010. The personal property is restricted for use of support of the economic redevelopment of the former NSI. The economic value of the personal property has been estimated and is reported as a restricted asset and a restriction of net assets on the statement of net assets.

12. SUBSEQUENT EVENTS

On March 2, 2011, the Authority entered into a Surplus Sales Agreement with Flint Hills Resources Corpus Christi, LLC to sell 3.34 acres, including all improvements, and the Small Craft Pier located at Naval Station Ingleside for \$8,015,390.

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

PENSION PLAN:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarial Valuation Date	12/31/09	12/31/08	12/31/07
Actuarial Value of Assets	\$ 20,143,863	\$ 18,097,936	\$ 17,772,707
Actuarial Accrued Liability (AAL)	\$ 24,899,158	\$ 23,421,983	\$ 22,044,720
Funded Ratio	80.9%	77.3%	80.6%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 4,755,295	\$ 5,324,047	\$ 4,272,013
Annual covered Payroll	\$ 11,397,962	\$ 10,298,956	\$ 9,558,262
UAAL as a Percentage of Covered Payroll	41.7%	51.7%	44.7%

OPEB Obligation:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarial Valuation Date	01/01/08	01/01/08	01/01/08
Actuarial Value of Assets	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 1,430,581	\$ 1,408,938	\$ 1,331,381
Funded Ratio	0.0%	0.0%	0.0%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,430,581	\$ 1,408,938	\$ 1,331,381
Annual covered Payroll	\$ 11,840,674	\$ 11,397,962	\$ 10,298,956
UAAL as a Percentage of Covered Payroll	12.1%	12.4%	12.9%



SUPPLEMENTAL SECTION



PORT CORPUS CHRISTI

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

Year Ended December 31, 2010			
	Actual	Budget	Variance (%)
OPERATING REVENUES:			
Wharfage	\$ 26,567,587	\$ 26,320,569	1
Dockage	8,138,326	7,593,324	7
Security fees	6,170,288	5,856,391	5
Freight handling	2,316,667	2,587,492	(10)
Building and land rentals	4,417,518	3,589,964	23
Conference center services	1,679,885	1,786,087	(6)
Warehouse handling charges	426,093	-	100
FTZ user fees	337,000	288,000	17
Other	2,226,488	1,984,523	12
<i>Total Operating Revenues</i>	<u>52,279,852</u>	<u>50,006,350</u>	<u>5</u>
OPERATING EXPENSES:			
Maintenance and operations	20,391,570	21,640,088	6
General and administrative	15,079,752	15,286,767	1
Depreciation	12,165,114	13,436,932	9
<i>Total Operating Expenses</i>	<u>47,636,436</u>	<u>50,363,787</u>	<u>5</u>
<i>Operating Income</i>	<u>4,643,416</u>	<u>(357,437)</u>	<u>1399</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest revenue	478,291	562,135	(15)
Federal and other grant assistance	60,806	-	100
Donation of NSI personal property	225,825	-	100
Gain on disposal of fixed assets	(8,643)	-	(100)
Interest expense and fiscal charges	(450,602)	(463,692)	3
Amortization of bond issuance costs	(10,743)	(20,735)	48
<i>Net Non-Operating Revenues</i>	<u>294,934</u>	<u>77,708</u>	<u>280</u>
<i>Income Before Capital Grants and Contributions</i>	<u>4,938,350</u>	<u>(279,729)</u>	<u>1865</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>111,670,700</u>	<u>18,100,990</u>	<u>517</u>
<i>Change in Net Assets</i>	<u>\$ 116,609,050</u>	<u>\$ 17,821,261</u>	<u>554</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, 2010 and 2009**

	2010	2009
MAINTENANCE AND OPERATIONS:		
Employee services	\$ 8,517,165	\$ 8,022,571
Maintenance	3,538,398	4,987,113
Utilities	1,702,868	1,631,307
Telephone	35,286	26,436
Insurance	2,266,112	1,844,918
Professional services	691,191	900,742
Police expenses	66,434	55,218
Contracted services	1,876,695	1,426,265
Office and equipment rental	73,983	97,627
Operator and event expenses	1,415,417	1,550,059
Warehouse supplies	9,037	44,700
Safety/Environmental	69,075	71,246
General	129,909	196,113
<i>Total Maintenance and Operations</i>	<u>\$ 20,391,570</u>	<u>\$ 20,854,315</u>
GENERAL AND ADMINISTRATIVE:		
Employee services	\$ 7,832,622	\$ 7,999,373
Maintenance	453,408	432,088
Utilities	172,703	224,245
Telephone	196,626	209,267
Insurance	124,620	96,638
Professional services	3,526,850	3,322,950
Police expenses	82	174
Contracted services	151,445	64,213
Office and equipment rental	59,809	40,406
Administrative	2,108,277	2,392,822
Trade and sales development	157,237	204,427
Media advertising	206,557	108,425
Production	25,678	48,319
Safety/Environmental	21,544	22,681
General	42,294	25,185
<i>Total General and Administrative</i>	<u>\$ 15,079,752</u>	<u>\$ 15,191,213</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>
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>\$ 4,865,000</u>	<u>\$ 888,530</u>	<u>\$ 5,753,530</u>

REVENUE BONDS, SERIES 2002-B

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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>\$ 3,650,000</u>	<u>\$ 626,170</u>	<u>\$ 4,276,170</u>

SUMMARY OF LONG-TERM DEBT

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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>\$ 8,515,000</u>	<u>\$ 1,514,700</u>	<u>\$ 10,029,700</u>

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

**Schedules of Facilities Financing Bonds
December 31, 2010**

<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
Valero Refining, Series 1997A *	Variable	04/01/1997	2027	24,400,000	21,000,000
Valero Refining, Series 1997B *	Variable	04/01/1997	2027	32,800,000	30,500,000
Valero Refining, Series 1997C *	Variable	04/01/1997	2027	32,800,000	30,500,000
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 2003 *	8.250%	05/01/2003	2031	39,200,000	19,300,000
Citgo Petroleum, Series 2006 *	Variable	10/01/2006	2036	50,000,000	50,000,000
Citgo Petroleum, Series 2007 *	Variable	05/01/2007	2037	45,000,000	45,000,000
Citgo Petroleum, Series 2008 *	Variable	04/01/2008	2043	50,000,000	50,000,000
Solid Waste Disposal Revenue Bonds:					
Flint Hills Res., Series 2002A	Variable	10/01/2002	2029	125,000,000	125,000,000
Flint Hills Res., Series 2002B	Variable	10/01/2002	2029	11,700,000	11,700,000
Flint Hills Res., Series 2003	Variable	04/01/2003	2028	19,500,000	19,500,000
Flint Hills Res., Series 2005	Variable	03/01/2005	2030	25,000,000	25,000,000
Flint Hills Res., Series 2006	Variable	04/01/2006	2030	42,000,000	42,000,000
Flint Hills Res., Series 2007	Variable	10/01/2007	2032	35,000,000	35,000,000
Total				<u>\$ 625,395,000</u>	<u>\$ 597,495,000</u>

* - Issued by the Industrial Development Corporation (IDC)



STATISTICAL SECTION



PORT CORPUS CHRISTI

Statistical Section

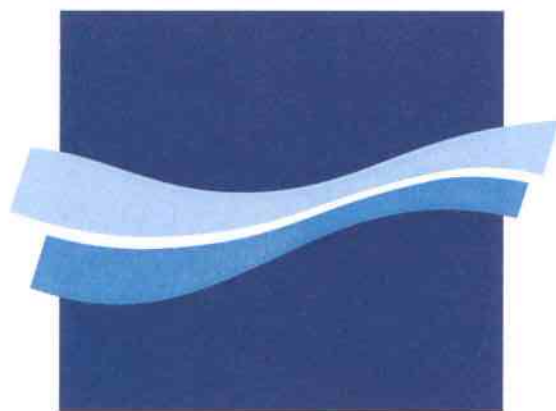
(Unaudited)

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

Contents

	<u>Page</u>
Financial Trends	39
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.	
Operating Information	53
These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs.	
Additional Information	59
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.



PORT**CORPUSCHRISTI**

TABLE 1 (Unaudited)

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

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

	2001*	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 24,826,670	\$ 26,567,587
Dockage	-	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326
Security fees	-	-	-	869,819	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288
Freight handling	-	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667
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	3,924,060	4,417,518
Conference center services	-	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885
Warehouse handling charges	-	954,178	1,137,336	816,739	1,737,118	1,484,404	1,211,146	1,367,306	596,168	426,093
FTZ user fees	-	287,115	264,750	261,666	233,333	243,000	295,000	284,500	326,000	337,000
Compress	-	185,538	45,598	-	-	-	-	-	-	-
Other	-	1,301,176	2,380,598	1,439,329	1,485,316	1,845,648	1,887,694	4,538,108	1,585,220	2,226,488
Total operating revenues	-	25,160,999	26,879,813	28,371,297	32,731,892	36,036,411	44,929,457	51,051,193	46,425,890	52,279,852
Interest revenue	-	1,314,593	1,222,899	1,116,764	1,084,006	1,269,697	1,230,324	932,447	584,849	478,291
Federal and other grant assistance	-	-	-	-	78,914	-	-	284,048	17,570	60,806
Donation of NSI personal property	-	-	-	-	-	-	-	-	-	225,825
Gain on disposal of capital assets	-	236,214	-	1,242,935	60,268	-	-	-	7,266	-
Total Revenues	-	26,711,806	28,102,712	30,730,996	33,955,080	37,306,108	46,159,781	52,267,688	47,035,575	53,044,774
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	20,854,315	20,391,570
General and administrative	-	8,883,174	9,572,631	9,630,337	10,139,046	10,760,589	12,521,179	13,007,565	15,191,213	15,079,752
Depreciation	-	5,284,372	5,417,115	5,513,656	6,142,055	7,127,447	8,442,640	9,648,639	10,060,645	12,165,114
Total operating expenses	-	25,582,739	27,464,301	29,081,705	32,642,253	36,273,101	42,356,148	44,499,116	46,106,173	47,636,436
Interest expense and fiscal charges	-	656,585	781,399	739,852	712,323	689,611	620,495	562,442	504,030	450,602
Amortization of bond issuance costs	-	78,392	104,862	81,418	63,610	49,458	37,828	28,615	20,735	10,743
Fiscal payments to subrecipients	-	-	-	-	-	-	-	284,048	-	-
Loss on disposal of capital assets	-	-	90,856	-	-	15,395	10,293	308,883	-	8,643
Total Expenses	-	26,317,716	28,441,418	29,902,975	33,418,186	37,027,565	43,024,764	45,683,104	46,630,938	48,106,424
Income(Loss) Before Contributions	-	394,090	(338,706)	828,021	536,894	278,543	3,135,017	6,584,584	404,637	4,938,350
Capital Contributions	-	1,123,096	1,638,527	10,453,132	17,792,218	12,261,584	4,633,770	2,510,746	2,090,573	111,670,700
Changes in Net Assets	-	1,517,186	1,299,821	11,281,153	18,329,112	12,540,127	7,768,787	9,095,330	2,495,210	116,609,050
Total Net Assets, Beginning of Year	-	172,263,494	173,780,680	175,080,501	186,361,654	204,690,766	217,230,893	224,999,680	234,095,010	236,590,220
Total Net Assets, End of Year	\$ -	\$ 173,780,680	\$ 175,080,501	\$ 186,361,654	\$ 204,690,766	\$ 217,230,893	\$ 224,999,680	\$ 234,095,010	\$ 236,590,220	\$ 353,199,270
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	\$ 211,984,713	\$ 321,470,695
Restricted	-	2,660,144	2,348,028	2,243,263	2,167,787	2,061,302	2,193,823	1,756,683	1,747,632	1,927,662
Unrestricted	-	35,833,098	35,544,177	28,062,089	24,171,534	20,095,232	18,005,132	29,751,083	22,857,875	29,800,913
Total Net Assets	\$ -	\$ 173,780,680	\$ 175,080,501	\$ 186,361,654	\$ 204,690,766	\$ 217,230,893	\$ 224,999,680	\$ 234,095,010	\$ 236,590,220	\$ 353,199,270

* - Not available, prior to implementation of GASB 34

TABLE 2 (Unaudited)

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

	Revenues by Source Last Ten Years									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Operating Revenues:										
Wharfage	\$ 13,215,302	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823	\$ 24,826,670	\$ 26,567,587
Dockage	3,009,600	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326
Security fees	-	-	-	869,819	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288
Freight handling	2,033,916	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667
Building and land rentals	3,363,438	3,385,964	3,361,762	3,409,141	3,705,185	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518
Conference center services	833,712	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885
Warehouse handling charges	102,623	954,178	1,137,336	816,739	1,737,118	1,484,404	1,211,146	1,367,306	596,168	426,093
FTZ user fees	281,750	287,115	264,750	261,666	233,333	243,000	295,000	284,500	326,000	337,000
Compress	1,477,844	185,538	45,598	-	-	-	-	-	-	-
Other	1,306,133	1,301,176	2,380,598	1,439,329	1,485,316	1,845,648	1,887,694	4,538,108	1,585,220	2,226,488
	<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>	<u>\$ 46,425,890</u>	<u>\$ 52,279,852</u>
Non-Operating Revenues:										
Other:										
Interest	\$ 1,261,435	\$ 1,314,593	\$ 1,222,899	\$ 1,116,764	\$ 1,084,006	\$ 1,269,697	\$ 1,230,324	\$ 932,447	\$ 584,849	\$ 478,291
Other	787,431	236,214	-	1,242,935	139,182	-	-	284,048	24,836	286,631
	<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>	<u>\$ 609,685</u>	<u>\$ 764,922</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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 3,570,749	\$ 3,929,041	\$ 4,144,531	\$ 5,206,360	\$ 6,296,241	\$ 6,768,333	\$ 6,952,412	\$ 8,255,443	\$ 8,022,571	\$ 8,517,165
Maintenance	1,761,065	1,970,104	2,686,825	2,641,655	3,317,396	4,173,668	6,483,605	6,340,774	4,987,113	3,538,398
Utilities	615,609	694,391	886,009	964,332	1,095,452	1,399,011	1,383,059	1,357,364	1,631,307	1,702,868
Telephone	33,212	34,045	22,358	20,468	19,694	23,716	35,699	29,991	26,436	35,286
Insurance	966,114	1,276,352	1,427,198	1,327,486	1,264,823	1,726,286	2,017,983	1,902,331	1,844,918	2,266,112
Professional services	137,700	202,418	228,158	444,902	544,189	400,085	344,073	424,975	900,742	691,191
Police expenses	-	-	-	64,252	36,788	53,276	39,442	74,106	55,218	66,434
Contracted services	1,205,445	1,597,049	1,485,158	1,483,850	2,155,840	2,110,723	2,166,855	1,834,442	1,426,265	1,876,695
Office and equipment rental	40,616	106,710	11,908	25,941	78,665	129,527	124,691	91,004	97,627	73,983
Operator and event expenses	708,885	1,225,868	1,310,806	1,438,345	1,287,428	1,311,334	1,523,025	1,280,002	1,550,059	1,415,417
Warehouse supplies	1,898	85,770	46,823	51,281	136,382	64,946	38,292	68,428	44,700	9,037
Ginning	546,622	-	-	-	-	-	-	-	-	-
Safety/Environmental	33,018	39,985	46,293	43,180	53,509	50,970	62,693	90,947	71,246	69,075
General	246,706	253,460	178,488	225,660	74,745	173,190	220,500	93,105	196,113	129,909
	<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>	<u>\$20,854,315</u>	<u>\$20,391,570</u>
General and Administrative:										
Employee services	\$ 4,485,094	\$ 4,523,035	\$ 5,048,655	\$ 5,367,098	\$ 5,711,388	\$ 6,150,455	\$ 6,808,607	\$ 7,349,030	\$ 7,999,373	\$ 7,832,622
Maintenance	234,515	297,592	272,419	274,342	229,548	324,760	351,566	320,610	432,088	453,408
Utilities	154,595	118,395	131,448	135,135	162,864	218,586	222,481	196,865	224,245	172,703
Telephone	124,877	98,649	103,287	108,862	209,939	205,520	213,248	231,958	209,267	196,626
Insurance	85,113	208,519	107,456	45,278	119,854	111,670	108,314	84,451	96,638	124,620
Professional services	1,914,403	1,794,626	1,781,500	1,642,718	1,713,073	1,864,026	2,290,016	2,419,843	3,322,950	3,526,850
Police expenses	-	-	-	1,429	1,341	654	216	314	174	82
Contracted services	105,890	94,226	68,343	60,516	54,189	134,754	198,260	88,262	64,213	151,445
Office and equipment rental	46,307	2,245	8,270	3,042	4,451	6,852	10,173	18,264	40,406	59,809
Administrative	1,262,105	1,279,119	1,533,738	1,598,908	1,483,098	1,647,031	1,925,958	1,873,318	2,392,822	2,108,277
Trade and sales development	178,538	129,229	125,484	143,296	107,450	123,054	146,161	148,946	204,427	157,237
Media advertising	211,051	124,256	88,530	102,957	91,527	73,557	157,725	109,262	108,425	206,557
Production	77,551	55,918	57,538	25,460	45,124	56,861	30,773	27,917	48,319	25,678
Safety/Environmental	11,241	13,638	19,889	20,992	20,439	36,047	26,992	38,206	22,681	21,544
General	106,490	143,727	226,074	100,304	184,761	(193,238)	30,689	100,319	25,185	42,294
	<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>\$15,191,213</u>	<u>\$15,079,752</u>
Depreciation	\$ 5,224,868	\$ 5,284,372	\$ 5,417,115	\$ 5,513,656	\$ 6,142,055	\$ 7,127,447	\$ 8,442,640	\$ 9,648,639	\$10,060,645	\$12,165,114
Non-Operating Expenses:										
Other:										
Interest	\$ 85,005	\$ 734,977	\$ 886,261	\$ 821,270	\$ 775,933	\$ 739,069	\$ 658,323	\$ 591,057	\$ 504,030	\$ 450,602
Other	-	-	90,856	-	-	15,395	10,293	592,931	20,735	19,386
	<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>	<u>\$ 524,765</u>	<u>\$ 469,988</u>

TABLE 4 (Unaudited)

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

**Financial Performance Indicators
Last Ten Years**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Operating Revenues (OR)	\$ 25,624,318	\$ 25,160,999	\$ 26,879,813	\$ 28,371,297	\$ 32,731,892	\$ 36,036,411	\$ 44,929,457	\$ 51,051,193	\$ 46,425,890	\$ 52,279,852
Operating Expenses (OE) *	(18,865,409)	(20,298,367)	(22,047,186)	(23,568,049)	(26,500,198)	(29,145,654)	(33,913,508)	(34,850,477)	(36,045,528)	(35,471,322)
Net Operating Income (NOI)	6,758,909	4,862,632	4,832,627	4,803,248	6,231,694	6,890,757	11,015,949	16,200,716	10,380,362	16,808,530
Non-Operating Revenues	2,055,366	1,550,807	1,222,899	2,359,699	1,223,188	1,269,697	1,230,324	1,216,495	609,685	764,922
Non-Operating Expenses	(85,005)	(734,977)	(977,117)	(821,270)	(775,933)	(754,464)	(668,616)	(1,183,988)	(524,765)	(469,988)
Net Income "A" (NI" A")	8,729,270	5,678,462	5,078,409	6,341,677	6,678,949	7,405,990	11,577,657	16,233,223	10,465,282	17,103,464
Depreciation	(5,224,868)	(5,284,372)	(5,417,115)	(5,513,656)	(6,142,055)	(7,127,447)	(8,442,640)	(9,648,639)	(10,060,645)	(12,165,114)
Net Income (Loss) "B" (NI" B")	\$ 3,504,402	\$ 394,090	\$ (338,706)	\$ 828,021	\$ 536,894	\$ 278,543	\$ 3,135,017	\$ 6,584,584	\$ 404,637	\$ 4,938,350
Net Capital Assets (NCA) **	\$ 143,840,270	\$ 145,906,446	\$ 143,298,109	\$ 139,998,166	\$ 156,723,984	\$ 175,997,745	\$ 173,486,988	\$ 218,586,423	\$ 216,324,078	\$ 310,154,387
Total Assets (TA)	\$ 179,679,554	\$ 196,391,543	\$ 197,115,656	\$ 212,289,063	\$ 242,045,429	\$ 252,168,291	\$ 258,145,439	\$ 263,271,819	\$ 265,325,288	\$ 382,604,209

Operating Indicators:

Operating ROI (NOI/NCA)	4.70%	3.33%	3.37%	3.43%	3.98%	3.92%	6.35%	7.41%	4.80%	5.42%
Operating Margin (NOI/OR)	26.38%	19.33%	17.98%	16.93%	19.04%	19.12%	24.52%	31.73%	22.36%	32.15%
Operating Ratio (OE/OR)	73.62%	80.67%	82.02%	83.07%	80.96%	80.88%	75.48%	68.27%	77.64%	67.85%

Other ROI Indicators:

ROI "A" (NI" A" /TA)	4.86%	2.89%	2.58%	2.99%	2.76%	2.94%	4.48%	6.17%	3.94%	4.47%
ROI "B" (NI" B" /TA)	1.95%	0.20%	-0.17%	0.39%	0.22%	0.11%	1.21%	2.50%	0.15%	1.29%

* - 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 - <i>Short tons</i>	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Inner Harbor										
Break Bulk	18,786	41,356	210,873	253,084	200,159	183,544	215,964	256,612	133,037	157,781
Grain	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,025,864	3,367,057	5,409,827	3,951,347	4,100,774
Chemical	65,394	48,861	37,243	47,295	66,514	59,851	52,709	68,760	43,982	37,814
Dry Bulk	2,259,592	2,501,157	2,062,015	2,541,606	2,544,880	2,008,088	2,420,282	2,318,675	1,974,232	2,038,029
Liquid Bulk	320,633	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211
Petroleum	69,375,427	63,809,573	67,466,251	67,414,002	66,391,484	68,242,433	67,124,801	62,558,169	56,586,340	61,163,028
Total	74,000,265	68,311,786	71,686,096	72,499,983	71,820,269	72,768,135	73,693,849	70,913,050	62,820,038	68,003,637
La Quinta										
Break Bulk	-	-	-	-	-	-	-	-	-	1,369
Chemical	1,878,788	1,556,565	1,966,843	2,095,441	1,728,815	1,510,142	1,796,165	1,561,258	1,366,046	1,430,429
Dry Bulk	4,813,124	4,890,941	4,761,502	4,689,730	5,812,484	5,690,335	5,780,257	5,572,667	4,467,692	4,809,114
Petroleum	30,785	26,862	23,386	31,518	25,081	24,030	26,925	26,607	18,766	22,404
Total	6,722,697	6,474,368	6,751,731	6,816,689	7,566,380	7,224,507	7,603,347	7,160,532	5,852,504	6,263,316
Harbor Island										
Break Bulk	10,609	5,132	17,146	1,816	6	6	6	2	-	-
Petroleum	1,074	2,760	533	-	332	-	-	-	-	-
Total	11,683	7,892	17,679	1,816	338	6	6	2	-	-
Ingleside										
Break Bulk	186,428	93,260	133,165	241,882	226,899	46,637	224,714	277,147	178,826	169,609
Dry Bulk	48	-	3,506	(3,506)	-	-	42,722	-	-	7,012
Petroleum	6,111,062	6,061,259	6,531,995	6,769,131	7,115,455	6,909,586	7,741,913	7,475,838	7,660,416	7,715,429
Total	6,297,538	6,154,519	6,668,666	7,007,507	7,342,354	6,956,223	8,009,349	7,752,985	7,839,242	7,892,050
Rincon Point										
Break Bulk	-	-	62	6,234	17,918	26,510	4,519	18,829	6,130	10,500
Grain	-	-	-	-	-	5,746	10,329	14,040	-	12,503
Dry Bulk	3,774	10,358	6,890	61,574	38,690	1,707	(1,707)	-	1,734	12,291
Total	3,774	10,358	6,952	67,808	56,608	33,963	13,141	32,869	7,864	35,294
Total	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297
Commodity Totals - <i>Short tons</i>										
Break Bulk	215,823	139,748	361,246	503,016	444,982	256,697	445,203	552,590	317,993	339,259
Grain	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,031,610	3,377,386	5,423,867	3,951,347	4,113,277
Chemical	1,944,182	1,605,426	2,004,086	2,142,736	1,795,329	1,569,993	1,848,874	1,630,018	1,410,028	1,468,243
Dry Bulk	7,076,538	7,402,456	6,833,913	7,289,404	8,396,054	7,700,130	8,241,554	7,891,342	6,443,658	6,866,446
Liquid Bulk	320,633	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211
Petroleum	75,518,348	69,900,454	74,022,165	74,214,651	73,532,352	75,176,049	74,893,639	70,060,614	64,265,522	68,900,861
Total	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297

TABLE 5 (Unaudited - Continued)

Port Commerce By Commodity
Last Ten Years

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

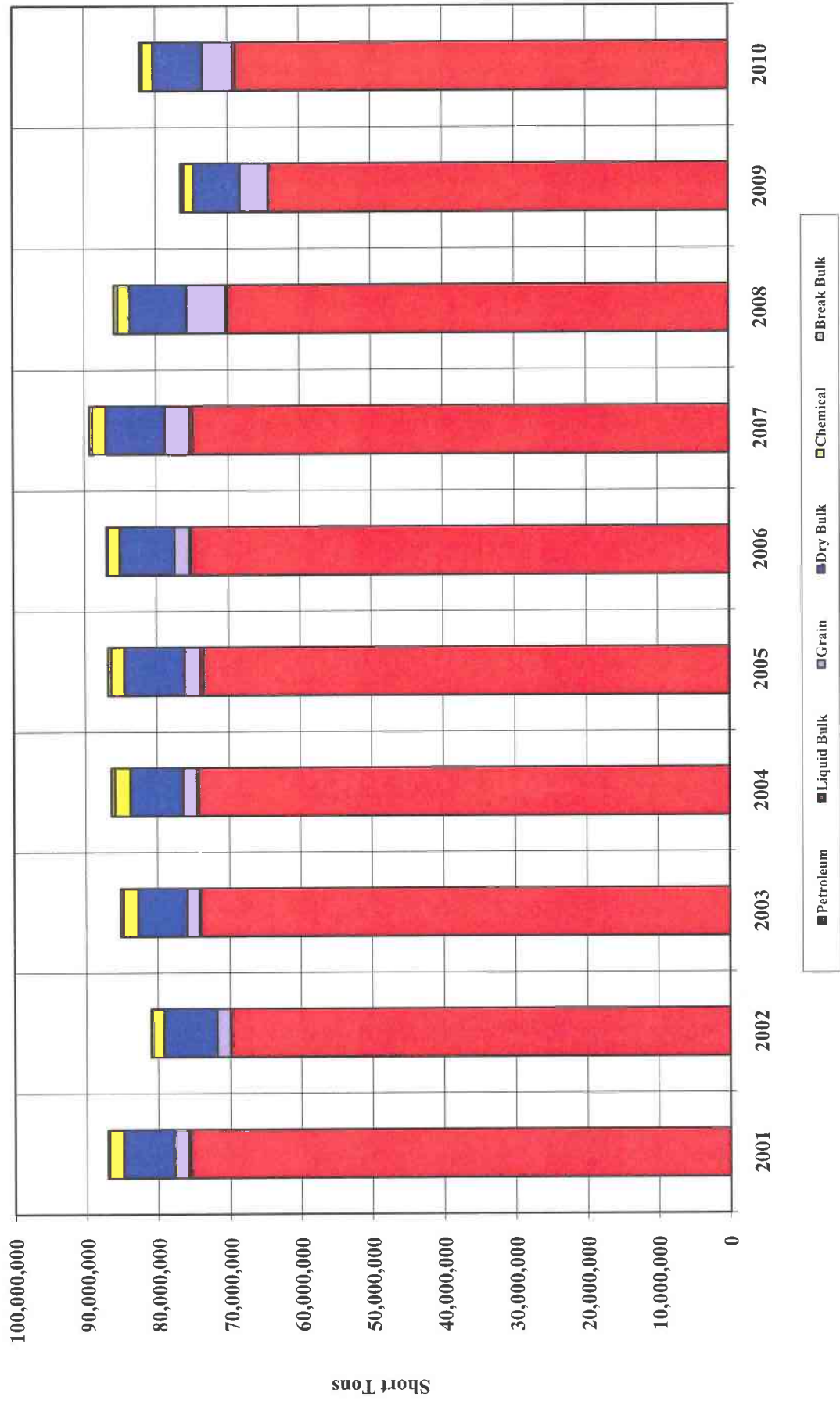


TABLE 6 (Unaudited)

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

**Vessel Traffic
Last Ten Years**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Inner Harbor										
<i>Ships</i>										
Dry Cargo	224	266	244	210	268	233	300	377	217	234
Tankers	843	744	841	803	808	817	825	819	779	816
<i>Barges</i>	4,625	4,066	4,465	4,818	4,820	4,440	4,393	4,112	3,691	4,168
<i>Total Vessels</i>	5,692	5,076	5,550	5,831	5,896	5,490	5,518	5,308	4,687	5,218
La Quinta Harbor										
<i>Ships</i>										
Dry Cargo	124	119	116	101	147	128	117	107	100	124
Tankers	119	112	152	167	104	110	135	104	85	69
<i>Barges</i>	132	161	257	281	310	175	166	102	80	123
<i>Total Vessels</i>	375	392	525	549	561	413	418	313	265	316
Harbor Island										
<i>Ships</i>										
Dry Cargo	681	628	540	581	610	566	632	227	-	-
Tankers	-	-	-	-	-	-	-	-	-	-
<i>Barges</i>	8	23	5	-	-	-	-	-	-	-
<i>Total Vessels</i>	689	651	545	581	610	566	632	227	-	-
Ingleside Harbor										
<i>Ships</i>										
Dry Cargo	4	13	6	13	12	15	28	19	22	58
Tankers	65	84	80	86	88	92	97	98	109	107
<i>Barges</i>	35	52	56	111	54	55	45	49	66	67
<i>Total Vessels</i>	104	149	142	210	154	162	170	166	197	232
Rincon Point										
<i>Ships</i>										
Dry Cargo	-	-	-	-	-	-	-	-	-	-
Tankers	-	-	-	-	-	-	-	-	-	-
<i>Barges</i>	-	3	4	66	114	2	6	8	2	3
<i>Total Vessels</i>	-	3	4	66	114	2	6	8	2	3
Total										
<i>Ships</i>										
Dry Cargo	1,033	1,026	906	905	1,037	942	1,077	730	339	416
Tankers	1,027	940	1,073	1,056	1,000	1,019	1,057	1,021	973	992
<i>Barges</i>	4,800	4,305	4,787	5,276	5,298	4,672	4,610	4,271	3,839	4,361
<i>Total Vessels</i>	6,860	6,271	6,766	7,237	7,335	6,633	6,744	6,022	5,151	5,769

TABLE 6 (Unaudited - Continued)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years

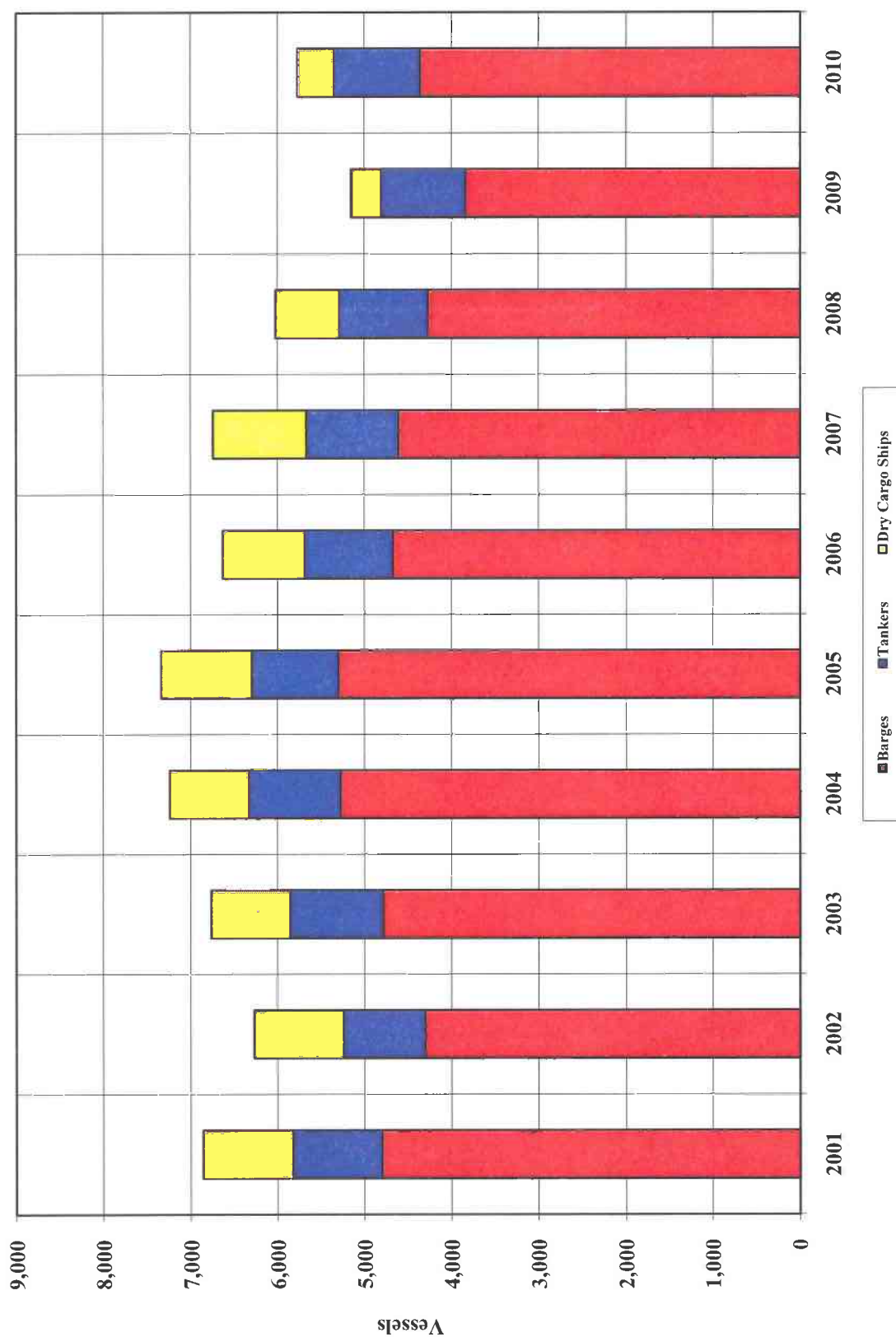


TABLE 7 (Unaudited)

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

**Tariff Rates
Last Ten Years**

	U/M	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Wharfage Rates											
All Cargo NOS	W/M	\$2,5000	\$2,5000	\$2,5000	\$2,5000	\$2,5000	\$2,5000	\$2,5000	\$2,7500	\$2,8600	\$2,8500
Dry Bulk	S/T	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6200	\$0,9000
Liquid Bulk	BRL	\$0,0400	\$0,0400	\$0,0400	\$0,0400	\$0,0600	\$0,0600	\$0,0800	\$0,0800	\$0,0831	\$0,0828
Beans, Lentils & Peas	S/T	\$0,4000	\$0,4000	\$0,4000	\$0,4000	\$0,5000	\$0,5000	\$0,5000	\$0,5000	\$0,5700	\$0,5700
Cotton	Bale	\$0,1500	\$0,1500	\$0,1500	\$0,1500	\$0,4800	\$0,4800	\$0,4800	\$0,4800	\$0,5000	\$0,5000
Grain and Grain Products	S/T	\$0,4000	\$0,4000	\$0,4000	\$0,4000	\$0,5000	\$0,5000	\$0,5000	\$0,7000	\$1,3000	\$1,2900
Grain and Grain Products (bulk)	S/T	\$0,1700	\$0,1700	\$0,1700	\$0,1700	\$0,1700	\$0,1700	\$0,1700	\$0,2500	\$0,2600	\$0,2600
Iron and Steel Articles	S/T	\$1,2000	\$1,2000	\$1,2000	\$1,2000	\$1,2000	\$1,2000	\$1,2000	\$1,8000	\$1,8700	\$1,8600
Machinery, agricultural	S/T	\$0,0000	\$0,0000	\$1,7600	\$1,7600	\$1,7600	\$1,7600	\$1,7600	\$2,7500	\$2,8600	\$2,8500
Machinery, grading, earth moving	S/T	\$2,0000	\$2,0000	\$2,0000	\$2,0000	\$2,0000	\$2,0000	\$2,0000	\$2,7500	\$2,8600	\$2,8500
Military Cargo	S/T	\$1,3000	\$1,3000	\$1,3000	\$1,3000	\$2,3000	\$2,3000	\$2,3000	\$2,3000	\$3,3800	\$5,3600
Milk, dehydrated	S/T	\$0,4000	\$0,4000	\$0,4000	\$0,4000	\$0,5000	\$0,5000	\$0,5000	\$0,7000	\$1,5200	\$1,5100
Passengers	Person	\$4,0000	\$4,0000	\$4,0000	\$5,0000	\$5,0000	\$5,0000	\$5,0000	\$5,0000	\$5,0000	\$4,9800
Power Generation/Plant Equipment	S/T	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$1,9000	\$2,7500	\$2,8500	\$2,8400
Refrigerated Cargo	S/T	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$1,3000	\$1,3000	\$1,3000	\$1,3000	\$1,3000	\$1,2900
Rice and Rice Products	S/T	\$0,4000	\$0,4000	\$0,4000	\$0,4000	\$0,5000	\$0,5000	\$0,5000	\$0,7000	\$1,3000	\$1,2900
Sand, aggregates, caliche, limestone	S/T	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6200	\$0,9000
Vegetable oil	S/T	\$1,2000	\$1,2000	\$1,2000	\$1,2000	\$1,2000	\$1,2000	\$1,2000	\$1,2000	\$1,2500	\$1,2500
Vehicles	S/T	\$3,4000	\$3,4000	\$3,4000	\$3,4000	\$3,4000	\$3,4000	\$3,4000	\$4,7500	\$4,9400	\$4,9200
Vessels, pressure	S/T	\$3,4000	\$3,4000	\$3,4000	\$3,4000	\$3,4000	\$3,4000	\$3,4000	\$3,4000	\$3,5300	\$3,5200
Dockage Rates											
General Cargo											
Vessels											
0-199	Feet	\$1,90	\$1,90	\$1,90	\$1,90	\$1,97	\$1,97	\$1,97	\$2,28/\$1,62	\$2,37	\$2,36
200-399	Feet	\$2,22	\$2,22	\$2,22	\$2,22	\$2,55	\$2,55	\$2,55	\$2,99/\$2,10	\$3,11	\$3,10
400-499	Feet	\$3,02	\$3,02	\$3,00	\$3,02	\$3,50	\$3,50	\$3,50	\$4,23/\$2,88	\$4,40	\$4,38
500-599	Feet	\$4,06	\$4,06	\$4,06	\$4,06	\$4,67	\$4,67	\$4,67	\$5,69/\$3,85	\$5,91	\$5,89
600-699	Feet	\$4,72	\$4,72	\$4,72	\$4,72	\$5,43	\$5,43	\$5,43	\$6,51/\$4,47	\$6,77	\$6,74
700-799	Feet	\$5,99	\$5,99	\$5,99	\$5,99	\$6,89	\$6,89	\$6,89	\$8,39/\$5,67	\$8,72	\$8,69
800-899	Feet	\$7,21	\$7,21	\$7,21	\$7,21	\$8,29	\$8,29	\$8,29	\$10,10/\$6,83	\$10,50	\$10,46
900 +	Feet	\$8,63	\$8,63	\$8,63	\$8,63	\$9,92	\$9,92	\$9,92	\$12,08/\$8,17	\$12,55	\$12,50
Barges - Inland Waterway		\$0,09 NRT	\$0,09 NRT	\$0,09 NRT	\$0,09 NRT	\$0,09 NRT	\$0,09 NRT	\$0,09 NRT	\$90,00 Flat	\$95,00 Flat	\$125,00
Bulk Terminal	GRT	\$0,13	\$0,13	\$0,13	\$0,13	\$0,13	\$0,13	\$0,13	\$0,49	\$0,51	\$0,41
Liquid Bulk											
Vessels											
Barges	DWT	\$0,025	\$0,025	\$0,025	\$0,025	\$0,025	\$0,025	\$0,025	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
0-360 Feet	Barge	\$70,00	\$70,00	\$70,00	\$70,00	\$70,00	\$70,00	\$70,00	\$90,00	\$95,00	\$125,00
360 +	Barge	\$700,00	\$700,00	\$700,00	\$700,00	\$700,00	\$700,00	\$700,00	See Dry/Liquid	See Dry/Liquid	\$700,00
Harbor Safety Fee ²											
Ships											
Barges	Ship	\$240,00	\$240,00	\$240,00	\$240,00	\$240,00	\$240,00	\$240,00	\$275,00	\$275,00	\$2,032,00
	Barge	\$30,00	\$30,00	\$30,00	\$30,00	\$30,00	\$30,00	\$30,00	\$35,00	\$35,00	\$230,00
Security Surcharge Fee ¹											
		-	-	-	10.0%	10.5%	11.0%	11.5%	12.0%	10.0%	10.0%

¹ Security surcharge fee is calculated on wharfage and dockage billings

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

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

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

TABLE 8 (Unaudited)

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

**Ten Largest Customers
December 31, 2010 and 2001**

WHARFAGE and DOCKAGE REVENUE:

Customer	2010			2001		
	Wharfage and Dockage Revenue	Rank	%	Wharfage and Dockage Revenue	Rank	%
Valero	\$ 9,261,166	1	25.11%	\$ 3,225,208	2	18.40%
Citgo	6,584,832	2	17.85%	3,751,134	1	21.40%
Flint Hills	5,266,471	3	14.28%	-		
NuStar Logistics	3,326,512	4	9.02%	-		
Equistar	1,172,641	5	3.18%	367,975	9	2.10%
Biehl & Company	938,177	6	2.54%	-		
Valls Shipping	740,887	7	2.01%	327,232	10	1.87%
Max Shipping	607,764	8	1.65%	-		-
Port Corpus	482,862	9	1.31%	-		-
Dix-Fairway	471,671	10	1.28%	397,402	7	2.27%
Koch Petroleum Group	-	-	-	2,675,662	3	15.27%
Shamrock Logistics	-	-	-	1,411,340	4	8.05%
Coastal Refining & Marketing	-	-	-	797,970	5	4.55%
Boyd Campbell	-	-	-	510,575	6	2.91%
Aimcor	-	-	-	395,298	8	2.26%
Subtotal (10 largest)	28,852,983		78.23%	13,859,796		79.08%
Other	8,031,016		21.77%	3,665,890		20.92%
Total	\$ 36,883,999		100.00%	\$ 17,525,686		100.00%

* Flint Hills was formerly Koch Petroleum

TONNAGE:

Customer	2010			2001		
	Tonnage	Rank	%	Tonnage	Rank	%
Valero	23,677,163	1	28.81%	19,408,041	2	22.30%
Citgo	22,274,944	2	27.10%	25,857,493	1	29.71%
Flint Hills	15,131,243	3	18.41%	-		
Sherwin Alumina	4,809,471	4	5.85%	-		
NuStar Logistics	4,466,990	5	5.43%	-		
ADM/Growmark	2,388,517	6	2.91%	1,106,834	10	1.27%
Interstate Grain	1,704,255	7	2.07%	-		
Equistar	1,468,902	8	1.79%	1,267,162	9	1.46%
Occidental	1,431,882	9	1.74%	1,873,214	8	2.15%
Port Corpus Terminal	553,106	10	0.67%	-		
Koch Petroleum Group	-			13,016,148	3	14.95%
Koch Gathering	-			6,108,856	4	
Shamrock Logistics	-			4,982,316	5	5.72%
Reynolds Metals	-			4,820,339	6	5.54%
Coastal Refining & Marketing	-			3,048,016	7	3.50%
Subtotal (10 largest)	77,906,473		94.78%	81,488,418		93.63%
Other	4,287,825		5.22%	5,547,538		6.37%
Total	82,194,298		100.00%	87,035,956		100.00%

TABLE 9 (Unaudited)

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

**Ratios of Outstanding Debt
Last Ten Years**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Unlimited Tax Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	-	17,075,000	16,110,000	15,130,000	14,120,000	13,080,000	12,005,000	10,885,000	9,725,000	8,515,000
Total	\$ -	\$ 17,075,000	\$ 16,110,000	\$ 15,130,000	\$ 14,120,000	\$ 13,080,000	\$ 12,005,000	\$ 10,885,000	\$ 9,725,000	\$ 8,515,000
Per Capita	\$0	\$685	\$619	\$554	\$481	\$416	\$362	\$305	\$280	\$236
Percent of Personal Income	0.00%	0.17%	0.15%	0.14%	0.12%	0.10%	0.09%	0.07%	0.07%	0.06%

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
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
2009	47,035,575	36,045,528	10,990,047	1,389,286	282,198	1,671,484 6.58
2010	53,044,774	35,471,322	17,573,452	1,419,167	252,450	1,671,617 10.51

- (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

	2001	2002	2003	2004	2005	2006	2007	2008	2009 (P)	2010 (E)
Population (1)	401,387	403,153	403,892	407,440	411,035	413,365	413,054	413,206	416,095	422,315
Personal Income-(in thousands) (1)	\$ 9,706,189	\$ 10,047,316	\$ 10,504,810	\$ 11,128,603	\$ 12,065,045	\$ 13,006,066	\$ 13,701,255	\$ 14,724,818	\$ 14,456,510	\$ 15,237,162
Per Capita Personal Income (1)	\$24,182	\$24,922	\$26,009	\$27,313	\$29,353	\$31,464	\$33,171	\$35,636	\$34,743	\$36,080
Unemployment rate (2)	5.50%	6.30%	6.80%	6.60%	5.20%	4.70%	4.20%	4.70%	7.20%	8.19%

Source:

(1) Bureau of Economic Analysis

(2) Texas Workforce Commission

(P) Preliminary

(E) Estimated based on growth trend from 1998-2008

TABLE 12 (Unaudited)

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

**Principal Employers
December 31, 2010 and 2001**

Employer	2010			2001*		
	Number of Employees	Rank	Percent of Total MSA Employment	Number of Employees	Rank	Percent of Total MSA Employment
Corpus Christi Army Depot	5,800	1	2.97%	-	-	-
Naval Air Station Corpus Christi	5,525	2	2.83%	-	-	-
Corpus Christi ISD	5,178	3	2.66%	-	-	-
Christus Spohn Health System	5,144	4	2.64%	-	-	-
HEB Grocery Co.	5,000	5	2.56%	-	-	-
City of Corpus Christi	3,171	6	1.63%	-	-	-
Bay, Ltd.	2,100	7	1.08%	-	-	-
Driscoll Children's Hospital	1,800	8	0.92%	-	-	-
Del Mar College	1,542	9	0.79%	-	-	-
Corpus Christi Medical Center	1,300	10	0.67%	-	-	-
Total	36,560		18.75%	-		-

Corpus Christi Regional Economic and Development Corporation
Texas Workforce Commission

* Information for 2001 not available

TABLE 13 (Unaudited)

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

**Employees by Function
Last Ten Years**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Operations:										
Cold Storage Facility	8	12	12	13	13	13	12	9	0	0
Bulk Terminal Facility	17	16	16	16	16	17	16	17	17	14
Harbormaster's Office	19	19	12	12	12	11	10	10	10	9
Lift Bridge	0	0	8	8	8	8	5	0	0	0
Maintenance	29	34	38	37	38	39	43	43	48	46
Police Department	0	0	0	20	21	22	40	44	49	51
Corpus Christi Public Compress	5	0	0	0	0	0	0	0	0	0
	78	81	86	106	108	110	126	123	124	120
Administration:										
Executive Director	2	2	2	2	2	2	2	5	4	6
Deputy Port Directors	0	0	0	0	0	0	0	3	4	4
Government Affairs	1	1	1	1	1	1	1	1	1	1
Human Resources	5	5	5	5	4	4	5	5	5	5
Business Development	8	7	8	8	8	7	7	5	7	3
Communications	0	0	0	0	0	0	0	0	0	2
Industrial Development	1	1	1	1	1	1	1	1	1	1
Finance and Administration	2	2	2	2	2	2	2	2	2	2
Accounting	8	7	7	8	8	8	8	9	9	7
Information Technology	5	5	5	7	7	7	9	9	7	7
Engineering	12	12	12	12	11	13	13	10	14	12
Operations	6	6	7	6	7	7	7	5	7	4
	50	48	50	52	51	52	55	55	61	54
	128	129	136	158	159	162	181	178	185	174

TABLE 14 (Unaudited)

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

	2006	2007	2008	2009	2010
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	3	3	3	3	3
Intermodal terminal	1	1	1	1	1
Open storage (acres)	23	23	25	28	28
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 (acres)	2,400	2,400	2,400	2,400	2,400
Railroads					
Railway (miles)	26	26	35	37	37
Security Command Center	1	1	1	1	1
Naval Station Ingleside					
Land-emerged (acres)	0	0	0	0	483
Land-submerged (acres)	0	0	0	0	429
Wharfs and piers (linear feet)	0	0	0	0	4050
Buildings-office/classrooms,barracks,warehouse (sq ft)	0	0	0	0	788,367

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
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	19,925,412	79.3%	4,124,509	9,020,233	45.7%
2007	17,772,707	22,044,720	80.6%	4,272,013	9,558,262	44.7%
2008	18,097,936	23,421,983	77.3%	5,324,047	10,298,956	51.7%
2009	20,143,863	24,899,158	80.9%	4,755,295	11,397,962	41.7%

TABLE 16 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Schedule of Insurance in Force
December 31, 2010**

Details of Coverage	Policy Period	Deductible	Liability Limits
All Risk Property	04/01/10-11	\$4,000,000/\$100,000	\$ 125,000,000
Boiler and Machinery	04/01/10-11	50,000	10,000,000
	10/01/10-11	5,000	25,000,000
Business Auto Liability	10/01/10-11	-	10,000,000
Group Travel Accident	01/11/08-11	-	1,000,000
Foreign Liability	10/01/10-11	-	1,000,000
Pollution Legal Liability	10/16/08-13	100,000	5,000,000
Non-owned Aircraft Liability	10/01/10-11	-	2,000,000
Marine Liability and Primary P&I	10/01/10-11	50,000	10,000,000
Firebarge Hull & Machinery	10/01/10-11	25,000	3,500,000
29' Safeboat Hull & Machinery	10/01/10-11	7,500	259,065
31' Safeboat Hull & Machinery		7,500	350,000
Excess Marine Liability and Primary P & I	10/01/10-11	50,000	10,000,000 excess of 10,000,000
Firebarge and Excess P&I	10/01/10-11	50,000	80,000,000 excess of 20,000,000
Errors and Omissions Liability	10/01/10-11	50,000	10,000,000
Law Enforcement Liability	10/01/10-11	10,000	5,000,000
Executive Risk	10/01/10-13	-	5,000,000
Customs Bond/Importer Bond	09/28/10-11	-	50,000
Customs Bond - FTZ Operator	09/28/10-11	-	250,000
Customs Bond - Border Protection Bond	10/28/10-11	-	50,000
International Carrier Bond	02/16/10-11	-	100,000
Employee Fidelity (Crime) Bond	12/21/10-11	25,000	2,000,000
Public Officials Bonds (8)	Varies	-	5,000
Workers' Compensation	01/01/10-11	-	Statutory
Warehouse Legal Liability	03/10/10-11	20,000	5,000,000
Terrorism	04/01/10-11	100,000	25,000,000

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data
December 31, 2010**

Date of Incorporation:	1922			
Form of Government:	A public corporation and political subdivision of the State of Texas			
Number of Employees:	174			
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	11,386
	1930	27,741	51,779	23,836
	1940	57,301	92,661	28,871
	1950	108,053	165,471	35,842
	1960	167,690	221,573	45,021
	1970	204,525	237,544	47,288
	1980	232,119	268,215	58,013
	1990	256,632	296,527	58,749
	2000	277,454	313,645	67,138
	2010 (1)	305,215	323,890	70,895
Elevation:	Sea level to 85 feet, average 35 feet			
Tidal Data:				
Average Water Level:				
Inner Harbor	2.08 feet above Mean Low Tide (MLT)			
Tidal Range:				
Inner Harbor	Insignificant			
Aransas Pass	1.5 feet			
Aerial Clearance:				
Harbor Bridge	138 feet			
Temperature:	Annual Average - 71° January Average - 55° July Average - 84°			
Average Seasonal Rainfall:	31.30 inches			

(1) Projected population values pending release of 2010 Census

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data
December 31, 2010**
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
	- Koch Gathering	1 - Ingleside
Dry cargo	- Bay Inc.	2 - Main Harbor
	- Heldenfels	1 - Main Harbor
	- Texas Docks & Rail	2 - 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
	- Helix Energy Solutions	1 - LaQuinta
	- Signet Maritime	1 - Jewell Fulton
Bulk materials	- ADM/Growmark	1 - Main Harbor
	- Interstate Grain	1 - Main Harbor
	- Sherwin Alumina	1 - La Quinta
	- Vulcan Materials	1 - Main Harbor
		<u>31</u>

TABLE 18 (Unaudited)

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

**Port Commerce By Commodity
Last Ten Years**

Table I:

Commodity By Port Division - <i>Short tons</i>										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Inner Harbor										
Break Bulk	18,786	41,356	210,873	253,084	200,159	183,544	215,964	256,612	133,037	157,781
Grain	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,025,864	3,367,057	5,409,827	3,951,347	4,100,774
Chemical	65,394	48,861	37,243	47,295	66,514	59,851	52,709	68,760	43,982	37,814
Dry Bulk	2,259,592	2,501,157	2,062,015	2,541,606	2,544,880	2,008,088	2,420,282	2,318,675	1,974,232	2,038,029
Liquid Bulk	320,633	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211
Petroleum	69,375,427	63,809,573	67,466,251	67,414,002	66,391,484	68,242,433	67,124,801	62,558,169	56,586,340	61,163,028
Total	74,000,265	68,311,786	71,686,096	72,499,983	71,820,269	72,768,135	73,693,849	70,913,050	62,820,038	68,003,637
La Quinta										
Break Bulk	-	-	-	-	-	-	-	-	-	1,369
Chemical	1,878,788	1,556,565	1,966,843	2,095,441	1,728,815	1,510,142	1,796,165	1,561,258	1,366,046	1,430,429
Dry Bulk	4,813,124	4,890,941	4,761,502	4,689,730	5,812,484	5,690,335	5,780,257	5,572,667	4,467,692	4,809,114
Petroleum	30,785	26,862	23,386	31,518	25,081	24,030	26,925	26,607	18,766	22,404
Total	6,722,697	6,474,368	6,751,731	6,816,689	7,566,380	7,224,507	7,603,347	7,160,532	5,852,504	6,263,316
Harbor Island										
Break Bulk	10,609	5,132	17,146	1,816	6	6	6	2	-	-
Petroleum	1,074	2,760	533	-	332	-	-	-	-	-
Total	11,683	7,892	17,679	1,816	338	6	6	2	-	-
Ingleside										
Break Bulk	186,428	93,260	133,165	241,882	226,899	46,637	224,714	277,147	178,826	169,609
Dry Bulk	48	-	3,506	(3,506)	-	-	42,722	-	-	7,012
Petroleum	6,111,062	6,061,259	6,531,995	6,769,131	7,115,455	6,909,586	7,741,913	7,475,838	7,660,416	7,715,429
Total	6,297,538	6,154,519	6,668,666	7,007,507	7,342,354	6,956,223	8,009,349	7,752,985	7,839,242	7,892,050
Rincon Point										
Break Bulk	-	-	62	6,234	17,918	26,510	4,519	18,829	6,130	10,500
Grain	-	-	-	-	-	5,746	10,329	14,040	-	12,503
Dry Bulk	3,774	10,358	6,890	61,574	38,690	1,707	(1,707)	-	1,734	12,291
Total	3,774	10,358	6,952	67,808	56,608	33,963	13,141	32,869	7,864	35,294
Total	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297
Commodity Totals - <i>Short tons</i>										
Break Bulk	215,823	139,748	361,246	503,016	444,982	256,697	445,203	552,590	317,993	339,259
Grain	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,031,610	3,377,386	5,423,867	3,951,347	4,113,277
Chemical	1,944,182	1,605,426	2,004,086	2,142,736	1,795,329	1,569,993	1,848,874	1,630,018	1,410,028	1,468,243
Dry Bulk	7,076,538	7,402,456	6,833,913	7,289,404	8,396,054	7,700,130	8,241,554	7,891,342	6,443,658	6,866,446
Liquid Bulk	320,633	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211
Petroleum	75,518,348	69,900,454	74,022,165	74,214,651	73,532,352	75,176,049	74,893,639	70,060,614	64,265,522	68,900,861
Total	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297

TABLE 19 (Unaudited)

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

Revenues by Source
Last Ten Years

Table 2:

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Operating Revenues:										
Wharfage	\$ 13,215,302	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823	\$ 24,826,670	\$ 26,567,587
Dockage	3,009,600	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326
Security fees	-	-	-	869,819	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288
Freight handling	2,033,916	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667
Building and land rentals	3,363,438	3,385,964	3,361,762	3,409,141	3,705,185	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518
Conference center services	833,712	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885
Warehouse handling charges	102,623	954,178	1,137,336	816,739	1,737,118	1,484,404	1,211,146	1,367,306	596,168	426,093
FTZ user fees	281,750	287,115	264,750	261,666	233,333	243,000	295,000	284,500	326,000	337,000
Compress	1,477,844	185,538	45,598	-	-	-	-	-	-	-
Other	1,306,133	1,301,176	2,380,598	1,439,329	1,485,316	1,845,648	1,887,694	4,538,108	1,585,220	2,226,488
	<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>	<u>\$ 46,425,890</u>	<u>\$ 52,279,852</u>
Non-Operating Revenues:										
Other:										
Interest	\$ 1,261,435	\$ 1,314,593	\$ 1,222,899	\$ 1,116,764	\$ 1,084,006	\$ 1,269,697	\$ 1,230,324	\$ 932,447	\$ 584,849	\$ 478,291
Other	787,431	236,214	-	1,242,935	139,182	-	-	284,048	24,836	286,631
	<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>	<u>\$ 609,685</u>	<u>\$ 764,922</u>

TABLE 20 (Unaudited)

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

**Expenses by Type
Last Ten Years**

Table 3:

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 3,570,749	\$ 3,929,041	\$ 4,144,531	\$ 5,206,360	\$ 6,296,241	\$ 6,768,333	\$ 6,952,412	\$ 8,255,443	\$ 8,022,571	\$ 8,517,165
Maintenance	1,761,065	1,970,104	2,686,825	2,641,655	3,317,396	4,173,668	6,483,605	6,340,774	4,987,113	3,538,398
Utilities	615,609	694,391	886,009	964,332	1,095,452	1,399,011	1,383,059	1,357,364	1,631,307	1,702,868
Telephone	33,212	34,045	22,358	20,468	19,694	23,716	35,699	29,991	26,436	35,286
Insurance	966,114	1,276,352	1,427,198	1,327,486	1,264,823	1,726,286	2,017,983	1,902,331	1,844,918	2,266,112
Professional services	137,700	202,418	228,158	444,902	544,189	400,085	344,073	424,975	900,742	691,191
Police expenses	-	-	-	64,252	36,788	53,276	39,442	74,106	55,218	66,434
Contracted services	1,205,445	1,597,049	1,485,158	1,483,850	2,155,840	2,110,723	2,166,855	1,834,442	1,426,265	1,876,695
Office and equipment rental	40,616	106,710	11,908	25,941	78,665	129,527	124,691	91,004	97,627	73,983
Operator and event expenses	708,885	1,225,868	1,310,806	1,438,345	1,287,428	1,311,334	1,523,025	1,280,002	1,550,059	1,415,417
Warehouse supplies	1,898	85,770	46,823	51,281	136,382	64,946	38,292	68,428	44,700	9,037
Ginning	546,622	-	-	-	-	-	-	-	-	-
Safety/Environmental	33,018	39,985	46,293	43,180	53,509	50,970	62,693	90,947	71,246	69,075
General	246,706	253,460	178,488	225,660	74,745	173,190	220,500	93,105	196,113	129,909
	<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>	<u>\$ 20,854,315</u>	<u>\$ 20,391,570</u>
General and Administrative:										
Employee services	\$ 4,485,094	\$ 4,523,035	\$ 5,048,655	\$ 5,367,098	\$ 5,711,388	\$ 6,150,455	\$ 6,808,607	\$ 7,349,030	\$ 7,999,373	\$ 7,832,622
Maintenance	234,515	297,592	272,419	274,342	229,548	324,760	351,566	320,610	432,088	453,408
Utilities	154,595	118,395	131,448	135,135	162,864	218,586	222,481	196,865	224,245	172,703
Telephone	124,877	98,649	103,287	108,862	209,939	205,520	213,248	231,958	209,267	196,626
Insurance	85,113	208,519	107,456	45,278	119,854	111,670	108,314	84,451	96,638	124,620
Professional services	1,914,403	1,794,626	1,781,500	1,642,718	1,713,073	1,864,026	2,290,016	2,419,843	3,322,950	3,526,850
Police expenses	-	-	-	1,429	1,341	654	216	314	174	82
Contracted services	105,890	94,226	68,343	60,516	54,189	134,754	198,260	88,262	64,213	151,445
Office and equipment rental	46,307	2,245	8,270	3,042	4,451	6,852	10,173	18,264	40,406	59,809
Administrative	1,262,105	1,279,119	1,533,738	1,598,908	1,483,098	1,647,031	1,925,958	1,873,318	2,392,822	2,108,277
Trade and sales development	178,538	129,229	125,484	143,296	107,450	123,054	146,161	148,946	204,427	157,237
Media advertising	211,051	124,256	88,530	102,957	91,527	73,557	157,725	109,262	108,425	206,557
Production	77,551	55,918	57,538	25,460	45,124	56,861	30,773	27,917	48,319	25,678
Safety/Environmental	11,241	13,638	19,889	20,992	20,439	36,047	26,992	38,206	22,681	21,544
General	106,490	143,727	226,074	100,304	184,761	(193,238)	30,689	100,319	25,185	42,294
	<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>\$ 15,191,213</u>	<u>\$ 15,079,752</u>
Depreciation	\$ 5,224,868	\$ 5,284,372	\$ 5,417,115	\$ 5,513,656	\$ 6,142,055	\$ 7,127,447	\$ 8,442,640	\$ 9,648,639	\$ 10,060,645	\$ 12,165,114
Non-Operating Expenses:										
Other:										
Interest	\$ 85,005	\$ 734,977	\$ 886,261	\$ 821,270	\$ 775,933	\$ 739,069	\$ 658,323	\$ 591,057	\$ 504,030	\$ 450,602
Other	-	-	90,856	-	-	15,395	10,293	592,931	20,735	19,386
	<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>	<u>\$ 524,765</u>	<u>\$ 469,988</u>

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

**Debt Administration
December 31, 2010**

At December 31, 2010, the Authority had one debt issue outstanding. This issue included \$8,515,000 in general revenue bonds. The Authority has maintained an A rating from Standard and Poor's Corporation and an A3 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, 2010:

Table 4:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 9,725,000	\$ -	\$ 1,210,000	\$ 8,515,000	\$ 1,265,000
Accumulated Accretion	92,003	-	10,363	81,640	
Total	\$ 9,817,003	\$ -	\$ 1,220,363	\$ 8,596,640	\$ 1,265,000

At December 31, 2010, total debt service requirements are as follows:

Table 5:

	Principal	Interest	Total
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
Thereafter	1,590,000	80,640	1,670,640
Total	\$ 8,515,000	\$ 1,514,700	\$ 10,029,700

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Notes Receivable
December 31, 2010

Table 6:

A summary of changes in notes receivable for the year ended December 31, 2010, is as follows:

	Beginning Balance	Additions	Maturities	Ending Balance	Current Portion
Notes Receivable	\$ 3,518,701	\$ -	\$ 1,726,070	\$ 1,792,631	\$ 831,827

Notes Receivable as of December 31, 2010 is summarized as follows:

	Principal Outstanding
\$12,000,000 Note Receivable due in annual principal installments ranging from \$831,827 to \$898,373 through 2012; interest at 8.0%.	\$ 4,879,996
Less: Principal Prepayments	3,087,365
Principal Outstanding	1,792,631
Less: Current Maturities	831,827
Notes Receivable - Net	\$ 960,804

Total note receivable requirements as of December 31, 2010, are as follows:

	Principal	Interest	Total
2011	\$ 831,827	\$ 390,400	\$ 1,222,227
2012	898,373	323,853	1,222,226
2013	62,431	4,995	67,426
Thereafter	-	-	-
Total	\$ 1,792,631	\$ 719,248	\$ 2,511,879

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 2010, the Authority credited \$2,178,087 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, 2010**

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, 2010, 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	
2011	\$ 3,200,785
2012	2,726,040
2013	2,531,494
2014	1,888,899
2015	1,275,831
Thereafter	18,338,407
Total	\$ 29,961,456

TABLE 24 (Unaudited)

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

**Financial Performance Indicators
Last Ten Years**

Table 8:

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Operating Revenues (OR)	\$ 25,624,318	\$ 25,160,999	\$ 26,879,813	\$ 28,371,297	\$ 32,731,892	\$ 36,036,411	\$ 44,929,457	\$ 51,051,193	\$ 46,425,890	\$ 52,279,852
Operating Expenses (OE) *	(18,865,409)	(20,298,367)	(22,047,186)	(23,568,049)	(26,500,198)	(29,145,654)	(33,913,508)	(34,850,477)	(36,045,528)	(35,471,322)
Net Operating Income (NOI)	6,758,909	4,862,632	4,832,627	4,803,248	6,231,694	6,890,757	11,015,949	16,200,716	10,380,362	16,808,530
Non-Operating Revenues	2,055,366	1,550,807	1,222,899	2,359,699	1,223,188	1,269,697	1,230,324	1,216,495	609,685	764,922
Non-Operating Expenses	(85,005)	(734,977)	(977,117)	(821,270)	(775,933)	(754,464)	(668,616)	(1,183,988)	(524,765)	(469,988)
Net Income "A" (NI" A")	8,729,270	5,678,462	5,078,409	6,341,677	6,678,949	7,405,990	11,577,657	16,233,223	10,465,282	17,103,464
Depreciation	(5,224,868)	(5,284,372)	(5,417,115)	(5,513,656)	(6,142,055)	(7,127,447)	(8,442,640)	(9,648,639)	(10,060,645)	(12,165,114)
Net Income (Loss) "B" (NI" B")	\$ 3,504,402	\$ 394,090	\$ (338,706)	\$ 828,021	\$ 536,894	\$ 278,543	\$ 3,135,017	\$ 6,584,584	\$ 404,637	\$ 4,938,350
Net Capital Assets (NCA) **	\$ 143,840,270	\$ 145,906,446	\$ 143,298,109	\$ 139,998,166	\$ 156,723,984	\$ 175,997,745	\$ 173,486,988	\$ 218,586,423	\$ 216,324,078	\$ 310,154,387
Total Assets (TA)	\$ 179,679,554	\$ 196,391,543	\$ 197,115,656	\$ 212,289,063	\$ 242,045,429	\$ 252,168,291	\$ 258,145,439	\$ 263,271,819	\$ 265,325,288	\$ 382,604,209

Operating Indicators:

Operating ROI (NOI/NCA)	4.70%	3.33%	3.37%	3.43%	3.98%	3.92%	6.35%	7.41%	4.80%	5.42%
Operating Margin (NOI/OR)	26.38%	19.33%	17.98%	16.93%	19.04%	19.12%	24.52%	31.73%	22.36%	32.15%
Operating Ratio (OE/OR)	73.62%	80.67%	82.02%	83.07%	80.96%	80.88%	75.48%	68.27%	77.64%	67.85%

Other ROI Indicators:

ROI "A" (NI" A"/TA)	4.86%	2.89%	2.58%	2.99%	2.76%	2.94%	4.48%	6.17%	3.94%	4.47%
ROI "B" (NI" B"/TA)	1.95%	0.20%	-0.17%	0.39%	0.22%	0.11%	1.21%	2.50%	0.15%	1.29%

* - Excludes Depreciation

** - Excludes Construction in Progress

TABLE 25 (Unaudited)

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

**Debt Service Requirements
December 31, 2010**

Table 9:

Year Ending	Series 2002-A Bonds			Series 2002-B Bonds			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
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
	<u>\$ 4,865,000</u>	<u>\$ 888,530</u>	<u>\$ 5,753,530</u>	<u>\$ 3,650,000</u>	<u>\$ 626,170</u>	<u>\$ 4,276,170</u>	<u>\$ 10,029,700</u>
Average							<u>\$ 1,671,617</u>

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

**Pension Plan
December 31, 2010**

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 602 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 \$828,848 and \$1,302,474, respectively for the year ended December 31, 2010. 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	Annual	Percentage	Net Pension
December 31,	Pension Cost	of APC	Obligation
		Contributed	
2010	\$ 1,302,474	100.00%	\$ -
2009	1,253,776	100.00%	\$ -
2008	1,132,885	100.00%	\$ -

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

**Pension Plan
December 31, 2010**

Table 10 (Continued):

The latest actuarial valuation for the Authority employees was completed as of December 31, 2009. 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
Projected Annual Salary Increases	5.4% average
Assumed Rate of Return on Investments	8.00%
Inflation Factor	3.5%
Amortization Method:	
Unfunded Actuarial Accrued Liability	Level percent, closed
Amortization Period:	
Unfunded Actuarial Accrued Liability	20 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	Actuarial	Actuarial		Funded	Annual	Percentage of
December 31,	Value of Assets	Accrued Liability	Unfunded	Ratio	Covered Payroll	Covered Payroll
2009	\$ 20,143,863	\$ 24,899,158	\$ 4,755,295	80.90%	\$ 11,397,962	41.72%
2008	18,097,936	23,421,983	5,324,047	77.27%	10,298,956	51.70%
2007	17,772,707	22,044,720	4,272,013	80.62%	9,558,262	44.69%

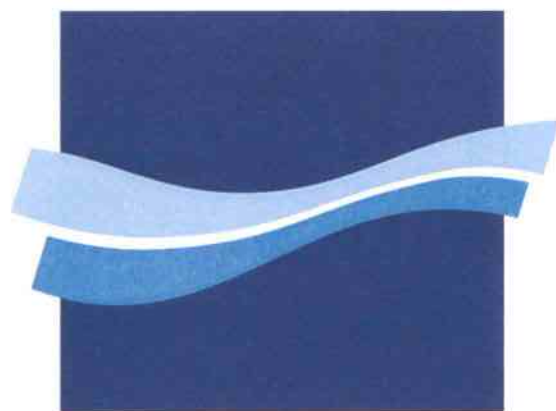
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Current Investments
December 31, 2010**

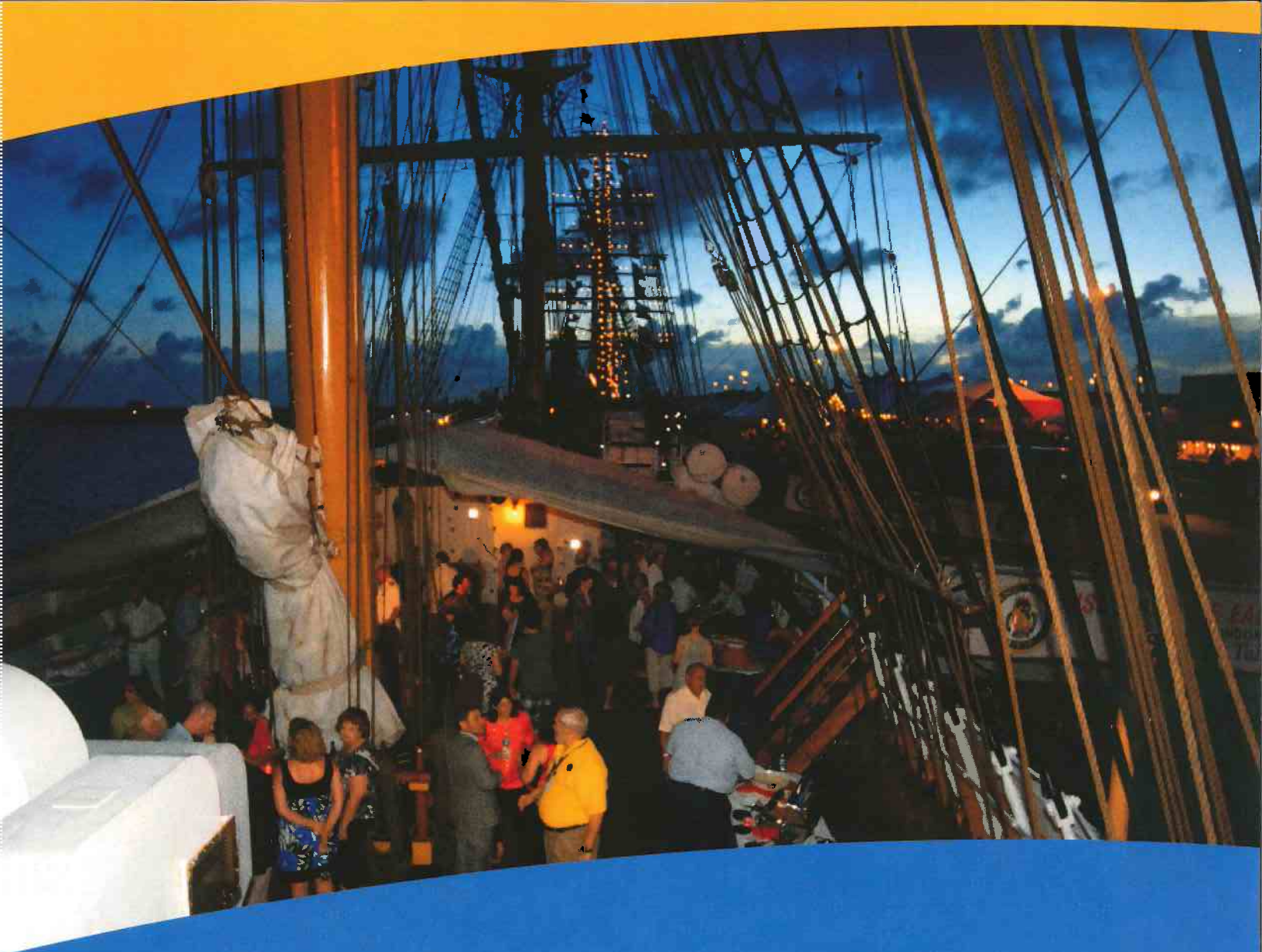
Table 11:

The Authority's investments at December 31, 2010, are shown below:

	Carrying Value	Fair Value	Category
Investments:			
Certificates of Deposit	\$ 5,490,614	\$ 5,490,614	1
Total investments	\$ 5,490,614	\$ 5,490,614	
Temporary investments shown as cash equivalents:			
Local government pool-TEXPOOL	\$ 20,113,066	\$ 20,113,066	Pooled
Total temporary investments shown as cash equivalents	\$ 20,113,066	\$ 20,113,066	



PORT**CORPUSCHRISTI**



SINGLE AUDIT SECTION



PORT **CORPUS CHRISTI**

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, 2010 and 2009, and have issued our report thereon dated April 5, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audits, 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

deficiencies in internal control over financial reporting that might be deficiencies, 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, others within the entity, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties

Lovvorn & Kieschnick, LLP

Lovvorn & Kieschnick, LLP
April 5, 2011



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, 2010. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Port of Corpus Christi Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

Lovvorn & Kieschnick, LLP

Lovvorn & Kieschnick, LLP
April 5, 2011

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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>
	U.S. Department of Homeland Security:
97.056	Port Security Grant #6
97.056	Port Security Grant #7
97.056	Port Security Grant #7 Supplemental
97.116	ARRA - Port Security Grant
	U.S. Department of Transportation
20.205	ARRA - Joe Fulton International Trade Corridor

Dollar threshold used to distinguish between type A and type B programs: \$301,802

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF FEDERAL/STATE EXPENDITURES OF AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Federal Assistance			
U.S. Environmental Protection Agency			
Direct Programs			
National Clean Diesel Funding Assistance Program	66.039	DE-00F11601-0	\$ 1,849
Total U.S. Environmental Protection Agency			<u>1,849</u>
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #6	97.056	2006-GB-T6-0090	4,226,134
Port Security Grant #7	97.056	2007-GB-T7-0033	309,362
Port Security Grant #7 Supplemental	97.056	2007-GB-T7-K038	137,194
ARRA Port Security Grant	97.116	2009-PU-R1-0173	411,197
Total U.S. Department of Homeland Security			<u>5,083,887</u>
U.S. Department of Transportation			
Passed through Texas State Department of Transportation			
ARRA Joe Fulton International Trade Corridor	20.205	CSJ0916-35-156	4,974,343
Total U.S. Department of Transportation			<u>4,974,343</u>
 Total Federal and passed through assistance			 <u>\$ 10,060,079</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, 2010

1. General

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

2. Basis of Accounting

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



PORT CORPUS CHRISTI