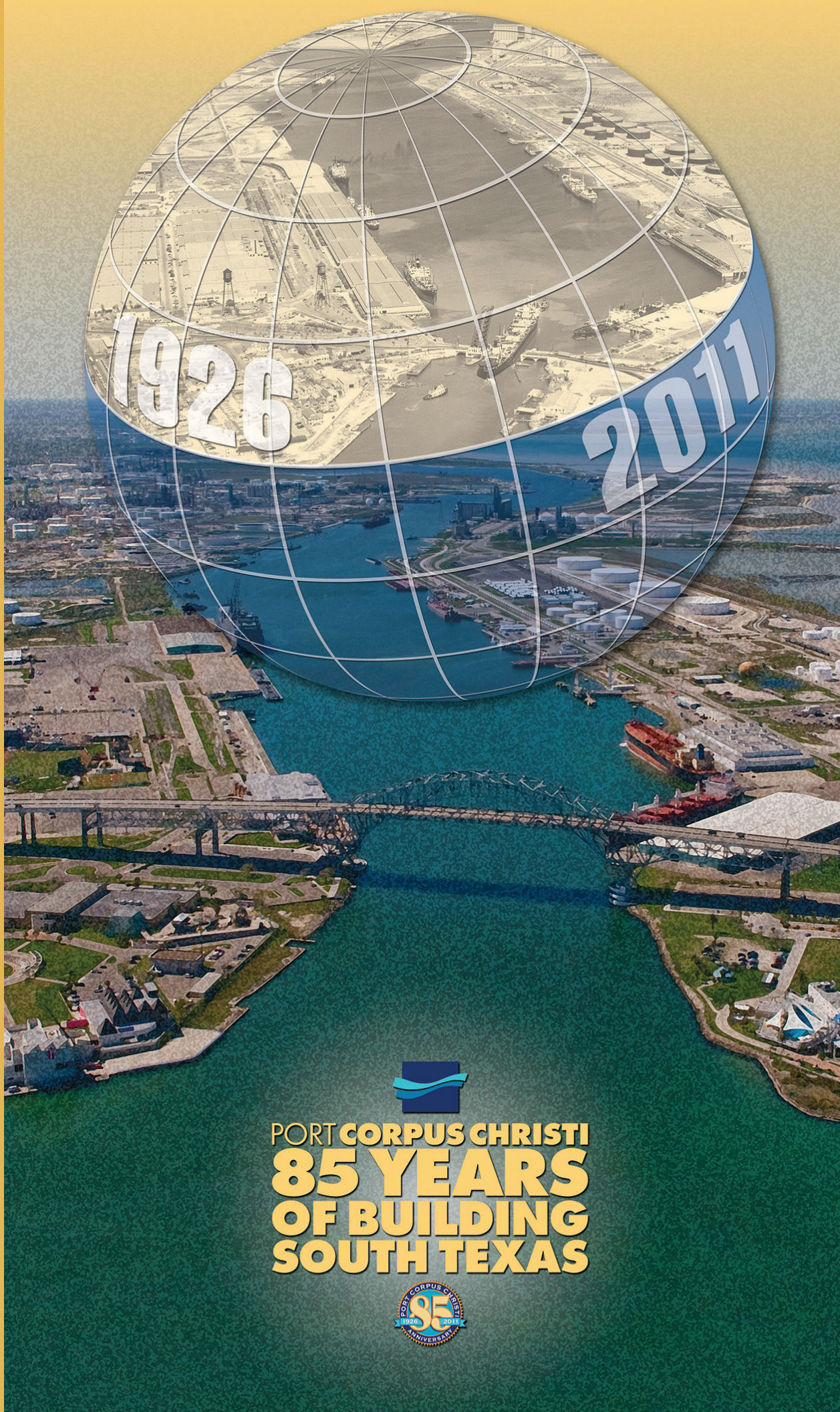
PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Comprehensive Annual Financial Report For the Year Ended Dec. 31, 2011



Comprehensive Annual Financial Report

Port of Corpus Christi Authority of Nueces County, Texas

For the Year Ended December 31, 2011

Prepared by the Finance Department

Dennis J. DeVries
Director of Finance

ABOUT THE 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT PHOTO DESIGN

For 85 years, the Port Corpus Christi has been building South Texas through economic development and international relationships. Last year, we marked this milestone with several key events. We shared our celebration with the community, students, employees and the world. Each section starting with the cover represents each of the events honoring the 85th celebration.

COVER: Official 85th Milestone Poster

INTRODUCTORY SECTION: La Quinta Channel Extension Dredging Project Kickoff on September 26, 2011

FINANCIAL SECTION: La Quinta Channel Extension Dredging Project Kickoff on September 26, 2011

SUPPLEMENTAL SECTION: Explore Your Port, World & Future for area students on September 21, 2011

STATISTICAL SECTION: Signing of Memorandum of Understanding with Tianjin Port Authority on October 18, 2011

CONTINUING BOND DISCLOSURE SECTION: Employee State of the Port Luncheon on September 22, 2011

SINGLE AUDIT SECTION: Signing of a Collaboration Agreement with Panama Canal Authority on September 14, 2011

La Quinta Channel Extension Dredging Project Kickoff

INTRODUCTORY SECTION

PORT CORPUS CHRISTI

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 self-employed.

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 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.

Robert Kostelnik, Commissioner
Mr. Kostelnik was appointed to the Port Commission by the City of Corpus Christi in 2010. He is on the Board of Directors at HollyFrontier Corporation and Methanex Corporation.

Michael D. Scott, Commissioner
Mr. Scott was appointed to the Port Commission by Nueces County in 2011. He is the Vice-President of H & S Constructors, 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, 2011

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
      - Coastal Environment Planning Manager — Paul Carangelo
      - Environmental Compliance Manager — Sarah Garza
      - Manager of Channel Development — David L. Krams
    - 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 — Maynard J. "Sandy" Sanders
    - Director of Operations/Harbormaster — Anthony Alejandro
      - Chief of Port Security — Arch Archambo
      - Manager of Bulk Terminal — Paul "Skip" Kaup
      - Manager of Dock Operations — Raymond Kadlecek
      - Manager of Foreign Trade Zone — Sonya Lopez-Sosa
      - Manager of Rail Operations — John Slubar
      - Maintenance Manager — David Throop
    - Director of Communications — Patricia Cardenas
    - Deputy Director of Business Development — Ruben C. Medina
      - 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

PORT CORPUS CHRISTI

March 30, 2012

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, 2011.

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

Collier, Johnson and Woods, P. C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the Port of Corpus Christi Authority of Nueces County, Texas (Authority)'s financial statements for the year ended December 31, 2011. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

The Authority is a navigation district and political subdivision of the State of Texas, having boundaries co-extensive with those of Nueces and San Patricio Counties, Texas. The Authority operates under the provisions of Article XVI, Section 59, of the Texas Constitution and related laws of the State of Texas, particularly Sections 60 and 62 of the Texas Water Code, and all amendments thereto. The Authority being a navigation district and political subdivision of the State of Texas is a separate and distinct entity of Nueces and San Patricio Counties and operates independently with its own Port Commission as its governing body. The only relationship the Authority and Nueces County have is that in the event the Port Commission deems it necessary to issue tax-supported bonds, it must request the Commissioners Court to call an election. The Commissioners Court shall call the election, canvas the vote, and if the bond issue is approved, thereafter set the necessary tax rate to service the bonds.

A Port Commission composed of seven commissioners, who serve without pay, governs the Authority. Each commissioner serves a staggered term of three years with appointments made to the Commission each year. Three commissioners are

222 Power Street 78401 | PO Box 1541 78403 | Corpus Christi, Texas | T 361 882 5633 F 361 882 7110 | portofcorpuschristi.com

appointed by the Corpus Christi City Council, the governing body of the City of Corpus Christi, three commissioners are appointed by the Nueces County Commissioners Court, the governing body of Nueces County, and one commissioner is appointed by the San Patricio County Commissioners Court, the governing body of San Patricio County. The executive staff, under the leadership of the executive director, manages the operations of the Authority and assists the Commission in planning for the future. Port Commission efforts are directed toward encouraging industrial expansion, attracting new cargo, building and maintaining public terminals, setting operational policy and cooperating with the Federal Government as a local sponsor in maintaining and further improving vital navigation channels.

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

The Port of Corpus Christi 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, refrigerated warehouse facility, 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-one 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 eighty five 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 and the port industries continue to support a voluntary program 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 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 previous economic impact study for the Authority was in 2003. Five years later, the 2008 report showed 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 $35 million.

The Joe Fulton Trade Corridor – Phase II

The Authority will complete the construction on the final phase of the Joe Fulton Trade Corridor in the first part of 2012. This 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 the north side of the Inner Harbor. This corridor now consists of almost 12 miles of new and existing roadway and 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, including approximately 1,100 acres of land which had no previous road access. The corridor connects two major highway components (US Highway 181 and Interstate Highway 37) and has established more efficient intermodal links between the Port's highway, marine, and rail transportation systems.

Construction began in 2004 and Phase I was completed in 2008 at a cost of $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 was provided from $6.13 million of federal stimulus funding and $3.75 million of the Authority's unrestricted net assets over 2009, 2010, 2011, and 2012. Phase II rebuilt a 2.25 mile section of substandard roadway and overlaid 6.5 miles of the original Phase I work with asphalt.

Channel Improvement Project

In 2003, the Authority completed the feasibility phase of the Channel Improvement Project and in November 2007, the project was authorized by Congress in the Water Resources Development Act (WRDA) of 2007. The authorized project includes the following navigation and ecosystem restoration features: (1) deepening the Corpus Christi Ship Channel from 45 to 52 feet, (2) adding 200 foot barge shelves across Corpus Christi Bay, (3) widening the ship channel to 530 feet from Port Aransas to the Harbor Bridge, (4) extending the La Quinta Ship Channel approximately 1.4 miles at 39 feet deep, and (5) constructing ecosystem restoration features to protect endangered species, wetlands and sea grass. In December 2009, the US Army Corps of Engineers (COE) awarded the first construction contract associated with the extension of the La Quinta Ship Channel. This contract was for $1.1 million and constructed a 126-acre dredge material placement area for containment of sands and clay excavated to create the La Quinta Channel extension. In 2011 the COE awarded two additional construction contracts, one for $33.5 million to dredge the extension of the La Quinta Ship Channel and another for $ 7.6 million to construct an ecosystem restoration project consisting of a rock breakwater and revetment adjacent to the La Quinta Channel near Ingleside-on-the-Bay, Texas. The ecosystem restoration project is scheduled to be complete by summer 2012, while the channel extension project is not expected to be complete until summer 2013. Follow-on contracts to complete the deepening and widening of the Corpus Christi Ship Channel are still pending appropriations of funding.

La Quinta Multi-Purpose Facility

In early 2011, in conjunction of the planned extension of the La Quinta Ship Channel, the Authority also completed the preliminary engineering reports for the phasing of a multi-purpose dock and terminal project to be constructed on the Authority's 1,000 acre La Quinta property site. The envisioned multi-purpose dock and terminal facility will be able to handle a wide variety of general cargo such as containers, military equipment, wind turbines, and steel pipe. The final designs for an initial phase of both the water and land side infrastructure improvements are scheduled to commence in 2012 with the current target for having an operating facility by 2014/2015.

MAJOR INITIATIVES - 2011

Environmental Management System

Through the Authority's Environmental Management System (EMS), the Authority has remained very proactive in its efforts to not only promote economic growth but at the same time be good stewards of the environment in its daily operations. The Authority's program is in its 5th year of ISO 14001 certification and its 7th year of implementation. Each year, the program undergoes a detailed external audit to maintain its ISO 14001 certification. The EMS program is driven by a team of Authority employees from the various operational areas of the Port with the full support of management. During the past 7 years, the program has identified numerous significant aspects impacting the environment. Environmental Management Programs are established to reduce the environmental impact and to help reduce the Port's environmental footprint.

Locomotive Switch Engine Repower

The Authority was awarded $1,026,058 to reduce diesel emissions through the repowering of a locomotive switch engine utilized at the Bulk Terminal. The repower was conducted in 2011 by R.J. Corman and involved repowering the existing 1,000 horse power locomotive switch engine with two more modern industrial diesel engines totaling 1,400 horsepower. The repower resulted in a locomotive that operates cleaner with an estimated 80% reduction in overall emissions; 35-50% improved fuel efficiency, and has anti-idling technology. The estimated emission reductions from this repower are 31.3% reduction in NOx emissions, 95.2% reduction in PM emissions, 95.4% reduction in hydrocarbon emissions, and 90% reduction in CO emissions.

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. 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. During 2011, NSI was the home for Taiwan Navy crews during a retrofit of two Minesweepers (MHC) that were transferred to Taiwan from the United States. At times, over 100 crew members resided at the NSI barracks. Completion of this retrofit program will be accomplished during 2012. NSI is also the location for the Texas State Technical College initiative that established a wind energy related syllabus for technicians training to support the many wind farms being erected in the area. The extensive pier and wharf space at NSI has been used for short and long term lay berth contracts in support of large offshore oil rigs and supply vessels. These initiatives both supported the important offshore oil exploration industry and also generated revenue for the Authority.

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 cargoes. The Authority serves as the home port for the USNS Benavidez throughout 2014. Due to the importance of military requirements in the Gulf of Mexico, the Authority continues to pursue a full-time military presence stationed at the Port.

Wind Energy

Texas is the national leader in overall wind installations and is the first state to reach 10,000 MW of wind energy installations. Texas is also home to seven of the nation's top ten largest wind farms. The Port of Corpus Christi has formed an integral part in the logistics chain of this renewable industry by providing optimum facilities and staging areas to all major wind manufacturers worldwide as they strive to meet project deadlines under economic constraints. The Port's un-congested access to docks, highway systems and rail offer the necessary modes for complete, competitive transportation packages with assurances of on-time deliveries to job sites. A prime example of Port efficiencies in 2011 included the

waterborne transportation of wind components from South America then railed to the project site located in the Pacific Northwest. These successful movements continue to be active in 2012. The Port strives to maintain its established position within the wind energy industry for onshore projects whilst positioning for an additional wind industry to develop in the not-so-distant future: offshore wind.

Eagle Ford Shale

The Eagle Ford Shale Play in South Texas has become a huge economic simulator for the Region, State and most importantly the Nation. Within 3 years, this shale play has created over 13,000 jobs in the region with over $2.9 Billion in Economic Impact. By 2020, Eagle Ford is estimated to create over 68,000 jobs with $21 Billion in Economic Impact. The Port of Corpus Christi has played a role as the logistical and distribution center for cargo used for drilling, fracturing and piping of materials for the region. Cargo comes into our port from Midwest and East Coast by rail and as far as China and Brazil by ship.

The port currently has seven companies conducting transloading operations on port rail tracks creating over 100 direct and indirect jobs and moving over 6500 rail cars annually. Proppants coming in from China, Russia and Brazil are being trucked and railed to location in huge quantities. Soon, natural gas and oil will come in by rail or pipeline and create a new era for the Port in terms of exporting to other countries. LNG Facilities and Oil Docks are being planned and built to accommodate for the supply coming out. The Port of Corpus Christi proximity makes us the ideal port to handle this new commodity and help our nation become an export leader for gas to the world.

Las Brisas Energy Center

The 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 at an estimated cost of approximately $3 billion dollars. The project has received an Air Permit from the Texas Commission of Environmental Quality (TCEQ) and has a green house gas permit pending with the Environmental Protection Agency (EPA). The circulating fluidized bed (CFB) facility was designed to minimize its 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 2015 and will create from 80 to 100 direct and 150 to 175 indirect jobs once operating.

BulkTerminal

The bulk terminal's largest storage pads have been leased to two coal exporters. In 2011, the Port handled 10 thousand metric tons of coal. For 2012 and 2013, the terminal anticipates moving about 6.3 million tons and is expected to move in upwards of 10 million tons/year in 2014. Rail is crucial to getting the coal to the bulk terminal for export by ship. The bulk terminal is facing a large expansion and upgrades of up to 100 million dollars that will facilitate the export of large quantities of coal.

On-going Construction Projects and Marketing Efforts

Projects that carry over into 2012 include several Security Grant projects that will add additional fencing, lighting, and gates at the Port's oil docks and general cargo areas. All of the security improvements are integrated with a command and control system that insures that the Port and its user are being properly safeguarded.

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 Nueces River Rail Yard will be capable of more efficiently handling the increasing number of unit trains and cars loading and unloading cargoes 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 2012 are the upgrades to the Viola Barge Dock, replacement of the bulkhead at the Viola Turning Basin, fire pressurization improvements at the Avery Point Oil Docks, hoist and gangway support improvements at the Avery Point Oil Docks, construction of a truck loading station and improvements to the Gantry Crane at the Bulk Terminal, and shoreline stabilization at Pelican Island.

The growth of the Authority's cargo tonnage is focused on its cargo diversification efforts. 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 2011, the new team continued the efforts to meet with innumerable freight forwarders, shipping agents and shipping lines. This trend continues with exporters/importers domiciled in a 400 mile radius from the port. In addition, bulk cargoes; such as frac sand and proppants have incremented and over one million tons will be handled in 2012. 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. The project is maturing and the first ship should be in place within the latter part of 2012.

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, 2010. This was the twenty-eighth 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, 2010

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

La Quinta Channel Extension Dredging Project Kickoff

FINANCIAL SECTION

PORT CORPUS CHRISTI

COLLIER, JOHNSON & WOODS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

March 30, 2012

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

We have audited the accompanying statement of net assets of the Port of Corpus Christi Authority as of December 31, 2011 and the related statement of revenues, expenses and changes in net assets, and cash flows for the year ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The statement of net assets and the related statement of revenue, expenses and changes in net assets, and cash flow for the year ended December 31, 2011 were audited by other auditors whose report dated April 5, 2011, expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Corpus Christi Authority, as of December 31, 2011 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012 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 11 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 an opinion on the financial statements that collectively comprise the Port of Corpus Christi Authority's financial statements as a whole. The introductory section, supplemental schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal financial awards page 77 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements. The supplemental schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate 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 section and statistical section 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.

Collier, Johnson & Woods

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, 2011 and 2010. 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, 2011 were $371,906,226. Of this amount, $35,889,132 is considered unrestricted net assets, and may be used to meet the Authority's current ongoing obligations to employees and creditors.
- The Authority's total net assets increased $18,105,352 or 5.1% over the prior year. Income before contributions produced an increase in net assets of $12,703,079, while capital contributions provided an increase of $5,402,273.
- The Authority's total debt decreased by $1,278,999 in 2011, the result of scheduled debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are comprised of the financial statements and the notes to the financial statements. The basic financial statements can be found on pages 12 through 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

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, 2011, 2010 and 2009:

	2011	2010	2009	2011-10 Change	2010-09 Change
Assets					
Current assets	$ 45,223,671	$ 38,876,561	$ 27,595,569	$ 6,347,110	$ 11,280,992
Restricted assets	1,924,226	1,927,662	1,747,632	(3,436)	180,030
Capital assets	351,899,915	341,020,588	233,222,853	10,879,327	107,797,735
Other non-current assets	911,553	1,562,408	3,077,237	(650,855)	(1,514,829)
Total Assets	**399,959,365**	**383,387,219**	**265,643,291**	**16,572,146**	**117,743,928**
Liabilities					
Current liabilities	9,495,675	9,542,935	6,915,890	(47,260)	2,627,045
Long-term debt, net of current portion	5,997,641	7,331,640	8,607,003	(1,333,999)	(1,275,363)
Deferred income, net of current portion	10,032,366	10,489,407	10,946,447	(457,041)	(457,040)
Other liabilities	2,527,457	2,222,363	2,265,728	305,094	(43,365)
Total Liabilities	**28,053,139**	**29,586,345**	**28,735,068**	**(1,533,206)**	**851,277**
Net Assets					
Invested in capital assets, net of related debt	334,092,868	321,470,695	211,984,713	12,622,173	109,485,982
Restricted	1,924,226	1,927,662	1,747,632	(3,436)	180,030
Unrestricted	35,889,132	30,402,517	23,175,878	5,486,615	7,226,639
Total Net Assets	**$ 371,906,226**	**$ 353,800,874**	**$ 236,908,223**	**$ 18,105,352**	**$ 116,892,651**

2011 – 2010

The Authority's assets exceeded its liabilities at the close of 2011 by $371,906,226. This is an increase over 2010 of $18,105,352. By far, the largest portion of the Authority's net assets (89.8%) reflects its investment in capital assets, less related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its customers and consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Authority's net assets (0.5%) 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.

2010 – 2009

The Authority's assets exceeded its liabilities at the close of 2010 by $353,800,874. This is an increase over 2009 of $116,892,651. By far, the largest portion of the Authority's net assets (90.9%) 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 (0.5%) represents resources that are subject to external legal restrictions on how they may be used. The remaining balance of unrestricted net assets (8.6%) 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, 2011, 2010 and 2009:

	2011	2010	2009	2011-10 Variance	2010-09 Variance
Revenues					
Operating revenues:					
Wharfage	$ 27,410,252	$ 26,567,587	$ 24,826,670	$ 842,665	$ 1,740,917
Dockage	8,948,217	8,138,326	7,319,259	809,891	819,067
Security fees	6,319,747	6,170,288	3,412,485	149,459	2,757,803
Freight handling	2,387,583	2,316,667	2,428,621	70,916	(111,954)
Building and land rentals	6,411,552	4,417,518	3,924,060	1,994,034	493,458
Conference center services	1,814,456	1,679,885	2,007,407	134,571	(327,522)
Warehouse handling charges	368,950	426,093	596,168	(57,143)	(170,075)
FTZ user fees	302,750	337,000	326,000	(34,250)	11,000
Other	4,735,454	2,226,488	1,585,220	2,508,966	641,268
Total operating revenues	58,698,961	52,279,852	46,425,890	6,419,109	5,853,962
Interest revenue	467,494	478,291	584,849	(10,797)	(106,558)
Federal and other grant assistance	169,966	60,806	17,570	109,160	43,236
Donation of personal property	4,500	225,825	-	(221,325)	225,825
Gain(Loss) on disposal of capital assets	3,727,517	(8,643)	7,266	3,736,160	(15,909)
Total Revenues	**63,068,438**	**53,036,131**	**47,035,575**	**10,032,307**	**6,000,556**
Expenses					
Operating expenses:					
Maintenance and operations	22,760,814	20,248,511	20,697,782	2,512,303	(449,271)
General and administrative	13,830,284	14,939,210	15,029,743	(1,108,926)	(90,533)
Depreciation	13,381,562	12,165,114	10,060,645	1,216,448	2,104,469
Total operating expenses	49,972,660	47,352,835	45,788,170	2,619,825	1,564,665
Interest expense and fiscal charges	392,699	450,602	504,030	(57,903)	(53,428)
Amortization of bond issuance costs	-	10,743	20,735	(10,743)	(9,992)
Total Expenses	**50,365,359**	**47,814,180**	**46,312,935**	**2,551,179**	**1,501,245**
Income Before Contributions	**12,703,079**	**5,221,951**	**722,640**	**7,481,128**	**4,499,311**
Capital Contributions	5,402,273	111,670,700	2,090,573	(106,268,427)	109,580,127
Changes in Net Assets	18,105,352	116,892,651	2,813,213	(98,787,299)	114,079,438
Total Net Assets, Beginning of Year	353,800,874	236,908,223	234,095,010	116,892,651	2,813,213
Total Net Assets, End of Year	**$ 371,906,226**	**$ 353,800,874**	**$ 236,908,223**	**$ 18,105,352**	**$ 116,892,651**

Revenues

2011 – 2010

Operating revenues in 2011 increased by $6,419,109 or 12.3% over 2010. Other revenues increased by $2.5 million due to the receipt in 2011 of $1.4 million in depletion charges for the deposit of dredge materials into the Authority's dredge placement areas and the forfeiture of a $1 million non-refundable deposit for the termination of a sales contract on the Naval Station Ingleside property. Building and land rentals have increased $2 million over 2010 due to new leases at the dry cargo docks and storage areas, the bulk terminal facility, Naval Station Ingleside, and the LaQuinta property. Wharfage revenues increased $843 thousand over 2010, and this increase was at the dry cargo docks and bulk terminal facility. The increase is largely attributed to an increase in the movement of wind turbines at the dry cargo docks and an increase in the movement of petroleum coke and barite at the bulk terminal facility. Dockage revenues have also increased $810 thousand compared to 2010, mainly at the bulk terminal facility and Naval Station Ingleside.

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.

Expenses

2011 – 2010

Operating expenses in 2011 increased $2,619,825 or 5.5% over 2010. The major cost increases are as follows:

- Depreciation $ 1,216,448
- Major maintenance projects 942,934
- Utilities 647,115
- Facilities maintenance 582,420

Security improvements of $10.2 million and improvements to the Authority's oil docks of $3.2 million are the most significant reason for the increase in depreciation expense. Major maintenance projects in 2011 included the participation in the Harbor Bridge Lighting Project and repairs to the refrigerated warehouse facility. The increase in utilities and facilities maintenance are a result of the operation and maintenance of the Naval Station Ingleside facility.

Employee services have decreased $1 million over 2010 due to the implementation of an early retirement program and a reduction in force that eliminated ten positions.

2010 – 2009

Operating expenses in 2010 increased $1,564,665 or 3.4% 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.

Capital Grants and Contributions

2011 – 2010

Capital grants and contributions decreased by $106,268,427 from 2010. The Naval Station Ingleside was closed by the Base Realignment and Closure Commission in April, 2010 and the Authority was the recipient of the properties valued at $101,671,427. 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, 2011 include the following:

• Security Enhancements	$ 4,312,361
• National Clean Diesel Funding Assistance	579,542
• Joe Fulton International Trade Corridor	510,370

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2011 – 2010

The Authority's investment in capital assets as of December 31, 2011, amounts to $351,899,915 (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 $10,879,327 or 3.2%. 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 2011 include the following:

- Security Enhancements $ 10,208,596
- Oil Dock Upgrades and Improvements 3,158,853
- Reconstruction of Navigation Boulveard 2,227,226
- Storage Yard Expansions 451,483

In March, 2011, the Authority entered into a surplus sales agreement with Flint Hills Resources Corpus Christi, LLC for the sale of 3.34 acres on the east side of Naval Station Ingleside, the building thereon, and the small craft pier adjacent to the property for $8 million and realized a gain on the sale of $2.4 million. In June, 2011, the Authority received $1.26 million from Durlame, LLC for the sale of 5.1 acres of land east and southeast of Whataburger Field which had been deemed surplus property and realized a gain on the sale of $1.26 million.

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.

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

The following table summarizes the Authority's capital assets (net of accumulated depreciation) as of December 31, 2011, 2010 and 2009:

	2011	2010	2009	2011-10 Change	2010-09 Change
Capital assets, not being depreciated:					
Land	$ 60,245,357	$ 60,346,608	$ 40,215,339	$ (101,251)	$ 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	43,870,087	30,866,201	16,898,775	13,003,886	13,967,426
	123,033,875	110,131,240	76,032,545	12,902,635	34,098,695
Capital assets, being depreciated:					
Port facilities	129,477,145	135,604,906	91,029,637	(6,127,761)	44,575,269
Buildings & improvements	79,423,876	82,744,445	51,991,005	(3,320,569)	30,753,440
Machinery and equipment	19,758,496	12,374,198	13,803,430	7,384,298	(1,429,232)
Intangibles	206,523	165,799	366,236	40,724	(200,437)
	228,866,040	230,889,348	157,190,308	(2,023,308)	73,699,040
Net Capital Assets	**$ 351,899,915**	**$ 341,020,588**	**$ 233,222,853**	**$ 10,879,327**	**$ 107,797,735**

Long-term Debt

As of December 31, 2011, the Authority had long-term debt outstanding of $7,317,641. This amount is comprised of general revenue bonds. The Authority's debt decreased through its annually scheduled debt service payments during 2011 and 2010. Additional information regarding the Authority's long-term debt can be found in Note 6 to the financial statements on pages 22-23. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2011, 2010 and 2009:

	2011	2010	2009	2011-10 Change	2010-09 Change
General revenue bonds	$ 7,317,641	$ 8,596,640	$ 9,817,003	$ (1,278,999)	$ (1,220,363)
Total Long-term Debt	**$ 7,317,641**	**$ 8,596,640**	**$ 9,817,003**	**$ (1,278,999)**	**$ (1,220,363)**

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, 2011 the Authority's revenue bond coverage was 15.66 times, compared to 10.51 times as of December 31, 2010.

ECONOMIC OUTLOOK

The basic financial statements emphasize the Authority's intent to recover the cost of its activities through its user fees and other charges. In 2011, the Authority experienced overall positive operating results, despite a decline in tonnage throughput and resulting ship/barge activity from 2010. Specifically, this downturn in tonnage was the direct result of a decline in petroleum tonnage that in turn leads to a decrease in related revenues. This decline however was offset by an increase in dry cargo and dry bulk tonnages and related revenues.

The effect of the Eagle Ford Shale Play in South Texas has initially had a negative impact on the import of petroleum crude. Several local refineries are in the process of replacing some of their previously imported crude with domestically produced crude from Eagle Ford Shale. In the long-term, the Authority feels that as the Eagle Ford Shale production increases and there is an excess capacity, we will begin to see a reversal of this trend and an increase in the export of petroleum crude.

The Authority reviews its tariff structure on a continuous basis, as well as it looks at ways to reduce its overall operating costs while fulfilling its mission as the primary economic catalyst of the region. During 2011, 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 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. During 2011, NSI was the home for Taiwan Navy crews during a retrofit of two Minesweepers (MHC) which were transferred to Taiwan from the United States. At times, over 100 crew members resided at the NSI barracks. Completion of this retrofit program will be accomplished during 2012. NSI is also the location for the Texas State Technical College initiative that established a wind energy related syllabus for technicians training to support the many wind farms being erected in the area. The extensive pier and wharf space at NSI has been used for short and long term lay berth contracts in support of large offshore oil rigs and supply vessels. These initiatives both supported the important offshore oil exploration industry and also generated revenue for the Authority.

- In early 2011, in conjunction with the planned extension of the La Quinta Ship Channel, the Authority also completed the preliminary engineering reports for the phasing of a multi-purpose dock and terminal project to be constructed on the Authority's 1,000 acre La Quinta property site. The envisioned multi-purpose dock and terminal facility will be able to handle a wide variety of general cargo such as containers, military equipment, wind turbines, and steel pipe. The final designs

for an initial phase of both the water and land side infrastructure improvements are scheduled to commence in 2012 with the current target for having an operating facility by 2014-2015.

- 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 at the port. Increased commercial cargo shipments through the port have required large portions of the terminal yards to be 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 serves as the home port for the USNS Benavidez through 2014. Due to the importance of military requirements in the Gulf of Mexico, the Authority continues to pursue a full-time military presence stationed at the Port.

- Texas is the national leader in overall wind installations and is the first state to reach 10,000 megawatts of wind energy installations. Texas is also home to seven of the nation's top ten largest wind farms. The Port of Corpus Christi has formed an integral part in the logistics chain of this renewable industry by providing optimum facilities and staging areas to all major wind manufacturers worldwide as they strive to meet project deadlines under economic constraints. The Port's un-congested access to docks, highway systems and rail offer the necessary modes for complete, competitive transportation packages with assurances of on-time deliveries to job sites. A prime example of Port efficiencies in 2011 included the waterborne transportation of wind components from South America then railed to the project site located in the Pacific Northwest. These successful movements continue to be active in 2012. The Port strives to maintain its established position within the wind energy industry for onshore projects while positioning for an additional wind industry to develop in the not-so-distant future: offshore wind.

- The Eagle Ford Shale Play in South Texas has become a huge economic stimulator for the Region, State and most importantly the Nation. Within 3 years, this shale play has created over 13,000 jobs in the region with over $2.9 billion in Economic Impact. By 2020, Eagle Ford is estimated to create over 68,000 jobs with $21 billion in Economic Impact. The Port of Corpus Christi has played a role as the logistical and distribution center for cargo used for drilling, fracturing and piping of materials for the region. Cargo comes into our port from the Midwest and East Coast by rail and as far as China and Brazil by ship. The port currently has seven companies conducting transloading operations on port rail tracks creating over 100 direct and indirect jobs and moving over 6500 rail cars annually. Proppants coming in from China, Russia and Brazil are being trucked and railed to location in huge quantities. Soon, natural gas and oil will come in by rail and pipe and create a new era for the Port in terms of exporting to other countries. LNG Facilities and Oil Docks are being planned and built to accommodate for the supply coming out. The Port of Corpus Christi proximity makes us the ideal port to handle this new commodity and help our nation become an export leader for gas to the world.

- The 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 at an estimated cost of $3 billion dollars. The project has received an Air Permit from the Texas Commission of Environmental Quality (TCEQ) and has a green house gas permit pending with the Environmental Protection Agency (EPA). The circulating fluidized bed (CFB) facility was designed to minimize its 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 2015 and will create from 80 to 100 direct and 150 to 175 indirect jobs once operating.

- The bulk terminal's largest storage pads have been leased to two coal exporters. In 2011, the Port handled 10 thousand metric tons of coal. For 2012 and 2013, the terminal anticipates moving about 6.3 million tons and is expected to move in upwards of 10 million tons/year in 2014. Rail is crucial to getting the coal to the bulk terminal for export by ship. The bulk terminal is facing a large expansion and upgrades of up to 100 million dollars that will facilitate the export of large quantities of coal.
- Another significant 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 Nueces River Rail 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.

REQUESTS FOR INFORMATION

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

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Statement of Net Assets
December 31, 2011 and 2010

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 27,771,301	$ 19,783,191
Investments (Note 2)	5,535,450	5,490,614
Accounts receivable (net of allowance for doubtful accounts of $97,328 and $52,463 for 2011 and 2010, respectively)	7,282,729	7,077,108
Interest receivable	3,341	4,031
Intergovernmental receivable	1,951,569	3,700,172
Notes receivable, current portion (Note 3)	844,764	831,827
Inventory	858,441	846,071
Prepaid expenses	976,076	1,143,547
Total Current Assets	45,223,671	38,876,561
NON-CURRENT ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	1,704,132	1,704,468
Other assets (Note 11)	220,094	223,194
Total Restricted Assets	1,924,226	1,927,662
CAPITAL ASSETS:		
Capital assets, not being depreciated (Note 4)	123,033,874	110,131,240
Capital assets, being depreciated, net (Note 4)	228,866,041	230,889,348
Capital Assets, Net	351,899,915	341,020,588
OTHER NON-CURRENT ASSETS:		
Notes receivable, net of current portion (Note 3)	-	960,804
Net pension asset (Note 7)	911,553	601,604
Total Non-Current Assets	911,553	1,562,408
Total Non-Current Assets	354,735,694	344,510,658
TOTAL ASSETS	399,959,365	383,387,219
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	4,902,426	4,135,109
Accrued expenses	704,512	681,907
Deferred income	1,045,655	1,951,004
Deferred lease income, current portion (Note 6)	457,040	457,040
Current maturities of long-term debt (Note 6)	1,320,000	1,265,000
Accrued interest payable	29,321	34,034
Capital leases, current portion (Note 6)	521	9,764
Compensated absences, current portion (Note 6)	1,036,200	1,009,077
Total Current Liabilities	9,495,675	9,542,935
NON-CURRENT LIABILITIES:		
Long-term debt, net of current maturities (Note 6)	5,997,641	7,331,640
Deferred lease income, net of current portion (Note 6)	10,032,366	10,489,407
Capital leases, net of current portion (Note 6)	-	521
Compensated absences, net of current portion (Note 6)	2,112,877	1,933,491
Net OPEB obligation (Note 8)	414,580	288,351
Total Non-Current Liabilities	18,557,464	20,043,410
TOTAL LIABILITIES	28,053,139	29,586,345
NET ASSETS:		
Invested in capital assets, net of related debt	334,092,868	321,470,695
Restricted:		
Debt service	1,671,259	1,671,617
Channel improvements	225	225
Law enforcement	32,648	32,626
Naval Station Ingleside economic development	220,094	223,194
Unrestricted	35,889,132	30,402,517
TOTAL NET ASSETS	$ 371,906,226	$ 353,800,874

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, 2011 and 2010

	2011	2010
OPERATING REVENUES:		
Wharfage	$ 27,410,252	$ 26,567,587
Dockage	8,948,217	8,138,326
Security fees	6,319,747	6,170,288
Freight handling	2,387,583	2,316,667
Building and land rentals	6,411,552	4,417,518
Conference center services	1,814,456	1,679,885
Warehouse handling charges	368,950	426,093
FTZ user fees	302,750	337,000
Other	4,735,454	2,226,488
Total Operating Revenues	58,698,961	52,279,852
OPERATING EXPENSES:		
Maintenance and operations	22,760,814	20,248,511
General and administrative	13,830,284	14,939,210
Depreciation	13,381,562	12,165,114
Total Operating Expenses	49,972,660	47,352,835
Operating Income	8,726,301	4,927,017
NON-OPERATING REVENUES (EXPENSES):		
Interest revenue	467,494	478,291
Federal and other grant assistance	169,966	60,806
Donation of personal property	4,500	225,825
Gain (loss) on disposal of capital assets	3,727,517	(8,643)
Interest expense and fiscal charges	(392,699)	(461,345)
Net Non-Operating Revenues	3,976,778	294,934
Income Before Capital Grants and Contributions	12,703,079	5,221,951
CAPITAL GRANTS AND CONTRIBUTIONS	5,402,273	111,670,700
Change in Net Assets	18,105,352	116,892,651
Total Net Assets , Beginning of Year, as Restated	353,800,874	236,908,223
Total Net Assets, End of Year	$ 371,906,226	$ 353,800,874

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, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 57,098,771	$ 51,110,478
Cash payments to suppliers for goods & services	(14,974,495)	(18,804,311)
Cash payments to employees for services	(21,493,974)	(16,614,016)
Cash payments to and received from other operating sources	(3,144)	30,530
Net Cash Provided by Operating Activities	20,627,158	15,722,681
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal funds received as fiscal agent	-	8,301
Operating grants received	166,305	32,060
Net Cash Provided by Noncapital Financing Activities	166,305	40,361
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(28,969,494)	(17,546,101)
Capital grants and contributions	7,156,852	8,046,282
Proceeds from sale of assets	9,318,787	42,200
Principal payment of capital debt	(1,271,807)	(1,219,061)
Interest payments on capital debt	(411,242)	(464,021)
Net Cash Used for Capital and Related Financing Activities	(14,176,904)	(11,140,701)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	74,076	21,629
Proceeds from sale and maturities of investments	5,493,700	-
Purchase of investments	(5,534,828)	(5,490,000)
Principal payments on notes receivable	947,867	1,726,070
Interest received on notes receivable	390,400	452,017
Net Cash Provided (Used) by Investing Activities	1,371,215	(3,290,284)
Net Increase in Cash and Cash Equivalents	7,987,774	1,332,057
Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts	21,487,659	20,155,602
Cash and Cash Equivalents at End of Year, Including Restricted Accounts	$ 29,475,433	$ 21,487,659
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 8,726,301	$ 4,927,017
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	13,381,562	12,165,114
Interest expense (non-capital)	(169)	(1,301)
Donations of personal property	7,600	2,631
Changes in assets and liabilities:		
Accounts receivable	(205,621)	(1,952,541)
Intergovernmental receivable	(2,315)	(2,804)
Inventories	(12,370)	(53,019)
Prepaid items	167,471	(186,303)
Net pension asset	(309,949)	(283,601)
Accounts payable	(116,976)	602,665
Accrued expenses	51,356	(277,533)
Deferred income	(905,349)	1,281,035
Deferred lease income	(457,041)	(457,040)
Financing leases	(2,957)	(8,038)
Net OPEB obligation	126,229	135,802
Compensated absences	179,386	(169,403)
Total Adjustments	11,900,857	10,795,664
Net Cash Provided by Operating Activities	$ 20,627,158	$ 15,722,681
Noncash Investing, Capital, and Financing Activities:		
Amortization of issue costs and discount on revenue bonds	$ 13,999	$ 380
Gain (loss) on disposal of capital assets	3,727,517	(8,643)
Donations of personal property	7,600	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:

	2011	2010
Total Net Assets	$ 3,445	$ 3,000
Change in Net Assets	$ 444	$ 301

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 operation and maintenance of port facilities.
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

PROPERTY, PLANT AND EQUIPMENT

Property constructed or acquired by purchase is stated at cost. Authority policy has set the capitalization threshold for reporting capital assets at $5,000. Contributed assets are stated at cost, if available, or estimated fair market value on the date received. 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, 2011 and 2010.

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 by the *United States Department of Justice Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies* or the *United States Department of Treasury Guide of Equitable Sharing For Foreign Countries and Federal, State and Local Law Enforcement Agencies*. Revenues received from participating in the State sharing of forfeited properties are also restricted for use as defined by state statutes. The Authority receives an annual allocation payment from the Law Enforcement Officer Standards and Education (LEOSE) account and that cash is restricted until spent for qualified expenses related to the continuing education of law enforcement personnel.

When an expense is incurred for purposes for which restricted and unrestricted net assets are available, the Authority's policy is to apply restricted 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 62 percent of the Authority's wharfage and dockage revenue base for 2011, as compared to 66 percent for 2010. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing nearly 81 percent of the total cargo tonnage moved through the Authority in 2011, compared to 84 percent in 2010.

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.

2. DEPOSITS AND INVESTMENTS

The Authority's investments at December 31, 2011 and 2010 are as follows:

	2011			2010		
Investment Type	Carrying Value	Fair Value	Weighted Average Maturity (Days)	Carrying Value	Fair Value	Weighted Average Maturity (Days)
Certificates of Deposit	$ 5,535,450	$ 5,535,450	332	$ 5,490,614	$ 5,490,614	331
Local government pool	28,764,942	28,764,942	1	20,113,066	20,113,066	1
Total	34,300,392	34,300,392		25,603,680	25,603,680	
Short-term investments included in cash and cash equivalents	28,764,942	28,764,942		20,113,066	20,113,066	
Equity in Total Investments	**$ 5,535,450**	**$ 5,535,450**		**$ 5,490,614**	**$ 5,490,614**	
Portfolio weighted average maturity			54			72

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 in which the Authority may invest. 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.

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are 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.

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, 2011, the Authority's investment portfolio consisted of the following:

- investment in one AAAm rated local government investment pool representing 83.9 percent, and
- investment in collateralized certificates of deposit representing 16.1 percent.

At 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.

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, 2011 the carrying amount of the Authority's cash and cash equivalents was $29,469,183. In accordance with the Authority's policy, the total bank deposits were covered by federal depository insurance (FDIC) or were secured by collateral held by the Authority's agent in the Authority's name. The cash funds and short-term investments included in cash and cash equivalents are not subject to collateralization requirements.

At December 31, 2010 the carrying amount of the Authority's cash and cash equivalents was $21,481,409. The total bank deposits were covered by federal depository insurance (FDIC) or were secured by collateral held by the Authority's agent in the Authority's name.

3. NOTES RECEIVABLE

Notes Receivable as of December 31, 2011 and 2010 are summarized as follows:

	2011	2010
$12,000,000 Note Receivable due in annual principal installments; $844,764 due in 2012; interest at 8.0%.	$ 4,048,169	$ 4,879,996
Less: Principal Prepayments	3,203,405	3,087,365
Principal Outstanding	844,764	1,792,631
Less: Current Maturities	844,764	831,827
Notes Receivable - Net	**$ -**	**$ 960,804**

Total note receivable requirements as of December 31, 2011, are as follows:

	Principal	Interest	Total
2012	$ 844,764	$ 67,581	$ 912,345
Thereafter	-	-	-
Total	**$ 844,764**	**$ 67,581**	**$ 912,345**

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 2011 and 2010, the Authority credited $1,338,267 and $2,178,087, respectively of applicable revenue received from wharfage and dockage fees collected to the debt service account.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	$ 60,346,608	$ 124,199	$ 225,450	$ 60,245,357
Channel and waterfront improvements	18,868,431	-	-	18,868,431
Intangibles	50,000	-	-	50,000
Construction in progress	30,866,201	13,003,885	-	43,870,086
Total capital assets, not being depreciated	110,131,240	13,128,084	225,450	123,033,874
Capital assets, being depreciated:				
Port facilities	232,656,018	5,517,973	5,222,614	232,951,377
Buildings and improvements	110,576,099	1,211,924	718,413	111,069,610
Machinery and equipment	29,338,641	10,105,356	289,676	39,154,321
Intangibles	1,651,656	225,328	-	1,876,984
Total capital assets, being depreciated	374,222,414	17,060,581	6,230,703	385,052,292
Less: accumulated depreciation for				
Port facilities	97,051,112	6,471,822	48,703	103,474,231
Buildings and improvements	27,831,654	4,004,077	189,997	31,645,734
Machinery and equipment	16,964,443	2,721,059	289,677	19,395,825
Intangibles	1,485,857	184,604	-	1,670,461
Total accumulated depreciation	143,333,066	13,381,562	528,377	156,186,251
Total capital assets, being depreciated, net	230,889,348	3,679,019	5,702,326	228,866,041
Total capital assets, net	**$ 341,020,588**	**$ 16,807,103**	**$ 5,927,776**	**$ 351,899,915**

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**

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, 2011, 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	
2012	$ 5,544,907
2013	4,752,243
2014	3,740,668
2015	3,021,042
2016	1,818,669
Thereafter	17,559,550
Total	**$ 36,437,079**

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		36,026
Capitalized, net		-
Expensed		15,975
Total	**$**	**15,975**

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011 are as follows:

Total minimum lease payments due in 2012	$	524
Less: Amount representing interest		3
Present value of minimum lease payments	$	521

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, 2011, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	$ 8,515,000	$ -	$ 1,265,000	$ 7,250,000	$ 1,320,000
Accumulated Accretion	81,640	-	13,999	67,641	-
Total	**$ 8,596,640**	**$ -**	**$ 1,278,999**	**$ 7,317,641**	**$ 1,320,000**

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**

Long-term debt as of December 31, 2011 and 2010 is summarized as follows:

	2011	2010
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 $755,000 to $910,000 through 2016; interest at 4.7 percent to 5.2 percent.	$ 4,145,000	$ 4,865,000
$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 $565,000 to $680,000 through 2016; interest at 4.4 percent to 4.9 percent.	3,105,000	3,650,000
Total Revenue Bonds	7,250,000	8,515,000
Accumulated Accretion	67,641	81,640
Total Revenue Bonds and Accumulated Accretion	7,317,641	8,596,640
Less Current Maturities	1,320,000	1,265,000
Long-term Debt - Net	**$ 5,997,641**	**$ 7,331,640**

Total debt service requirements as of December 31, 2011 are as follows:

	Principal	Interest	Total
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
Thereafter	-	-	-
Total	**$ 7,250,000**	**$ 1,106,295**	**$ 8,356,295**

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, 2011, 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	
2012	$ 457,040
2013	457,040
2014	457,040
2015	457,040
2016	457,040
Thereafter	8,204,206
Total	**$ 10,489,406**

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, 2011, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital leases	$ 10,285	$ -	$ 9,764	$ 521	$ 521
Total	**$ 10,285**	**$ -**	**$ 9,764**	**$ 521**	**$ 521**

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**

Capital leases as of December 31, 2011 and 2010 is summarized as follows:

	2011	2010
Capital leases	$ 521	$ 10,285
Less Current Portion	521	9,764
Capital leases - Net	**$ -**	**$ 521**

COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2011, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	$ 898,186	$ 694,553	$ 640,560	$ 952,179	$ 640,560
Sickleave	2,044,382	548,156	395,640	2,196,898	395,640
Total	**$ 2,942,568**	**$ 1,242,709**	**$ 1,036,200**	**$ 3,149,077**	**$ 1,036,200**

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**

Compensated Absences as of December 31, 2011 and 2010 are summarized as follows:

	2011	2010
Vacation	$ 952,179	$ 898,186
Sickleave	2,196,898	2,044,382
Total Compensated Absences	3,149,077	2,942,568
Less Current Portion	1,036,200	1,009,077
Compensated Absences - Net	**$ 2,112,877**	**$ 1,933,491**

OPEB OBLIGATION

A statement of changes in OPEB Obligation for the year ended December 31, 2011, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	$ 288,351	$ 153,658	$ 27,429	$ 414,580	$ -
Total	**$ 288,351**	**$ 153,658**	**$ 27,429**	**$ 414,580**	**$ -**

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**	**$ -**

OPEB Obligations as of December 31, 2011 and 2010 is summarized as follows:

	2011	2010
OPEB Obligation	$ 414,580	$ 288,351
Less Current Portion	-	-
OPEB Obligation - Net	**$ 414,580**	**$ 288,351**

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 618 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 2011 was 7.33 percent and for the calendar year 2010 was 8.10 percent, however the governing body of the Authority adopted the rate of 11 percent for the calendar year 2011 and 2010. The contributions made by the Authority in excess of the actuarially determined rate are classified as net pension asset and reflected as other non-current assets.

A statement of changes in net pension asset for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Annual Required Contribution	$ 771,971	$ 959,095
Interest on Net Pension Asset	48,128	25,440
Adjustment to Actuarially Determined Rate	28,436	34,338
Annual Pension Cost	848,535	1,018,873
Contributions Made	1,158,484	1,302,474
Increase in Net Pension Asset	309,949	283,601
Net Pension Asset - Beginning of Year	601,604	318,003
Net Pension Asset - End of Year	**$ 911,553**	**$ 601,604**

The deposit rate payable by all employee members for the calendar year 2011 and 2010 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 $737,217 and $1,158,484, respectively for the year ended December 31, 2011, and $828,848 and $1,302,474, respectively for the year ended December 31, 2010.

Annual Pension Cost

For the Authority's year ended December 31, 2011, the annual pension cost for the TCDRS plan for its employees was $771,971 and the actual contributions for its employees were $1,158,484. 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 Asset
2011	$ 771,971	150.07%	$ 911,553
2010	959,095	135.80%	601,604
2009	935,773	133.98%	318,003

The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010 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, 2010 was 6.7 years.

As of December 31, 2010, the most recent actuarial valuation date, the plan was 82.45 percent funded. The actuarial accrued liability for benefits was $26,372,629, and the actuarial value of assets was $21,744,295 resulting in an

unfunded actuarial accrued liability (UAAL) of $4,628,334. The covered payroll (annual payroll of active employees covered by the plan) was $11,840,675, and the ratio of the UAAL to the covered payroll was 39.09 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 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, 2011.

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, 2011, three 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 $27,429 for the year ended December 31, 2011 and $65,792 for the year ended December 31, 2010.

Annual OPEB Cost and Net OPEB Obligation

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

A statement of the calculation of the annual OPEB contribution and the change in the net OPEB obligation for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Determination of Annual Required Contribution		
Normal Cost at Year End	$ 93,900	$ 118,405
Amortization of UAAL	65,882	85,909
Annual Required Contribution (ARC)	159,782	204,314
Determination of Net OPEB Obligation		
Annual Required Contribution	159,782	204,314
Interest on Prior Year Net OPEB Obligation	11,534	6,102
Adjustment to ARC	(17,658)	(8,822)
Annual OPEB Cost	153,658	201,594
Contributions Made	(27,429)	(65,792)
Increase in Net OPEB Obligation	126,229	135,802
Net OPEB Obligation - Beginning of Year	288,351	152,549
Net OPEB Obligation - End of Year	**$ 414,580**	**$ 288,351**

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 for the current and three preceding years were as follows:

Years Ended December 31,	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011	4.00%	$ 153,658	17.85%	$ 414,580
2010	4.00%	201,594	32.64%	288,351
2009	4.00%	199,525	75.24%	152,549

Funding Status and Funding Progress

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

Actuarial Valuation Date, January 1	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities (AAL) (1)	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
2011	$ -	4.0%	$ 1,075,827	$ 1,075,827	0.0%	$ 10,531,666	10.2%
2010	-	4.0%	1,430,581	1,430,581	0.0%	11,840,675	12.1%
2009	-	4.0%	1,408,938	1,408,938	0.0%	11,397,962	12.4%

(1) Actuarial Accrued Liability determined under the projected unit credit cost method.
(2) Actuarial Accrued Liability less Actuarial Value of Assets.

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

whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

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

- The Normal Cost is the Actuarial Present Value of benefits allocated to the valuation year.
- The Actuarial 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 Accrued Liability (UAAL) is the difference between the Actuarial Accrued Liability and the Valuation Assets. The amortization of UAAL as of January 1, 2011 is calculated as a level dollar over 27 years on a closed basis.

The latest actuarial valuation for the Authority was completed as of January 1, 2011. The significant assumptions underlying the actuarial calculations are as follows:

Actuarial Cost Method	Projected Unit Credit
Discount Rate for Valuing Liabilities	Pay-as-you-go: 4.0%
Mortality Rates	RP2000 with Projection Scale AA
Healthcare Cost Trend	8.1% in the first year
	7.5% in the second year
	6.8% in the third year
	6.2% in the fourth year
	Grade down to 4.7% after the seventy-second year
Dental Cost Trend	4.9% all years
Healthcare Inflation Rate	Percentage Trend by Year based on:
	Short Term-Milliman's *Health Cost Guidelines*
	Long Term-Getzen Model
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
Medical Benefit Costs by Age	Varies based on projected average monthly cost for claims and administration based on experience

* Based on the 2009 pension valuation for the Texas County and District Retirement System

9. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2011, the Authority had remaining contractual construction and improvement commitments of approximately $2,894,050. 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 $2,481,986. The Authority is covered for worker's compensation claims through the Texas Municipal League Risk Pool. Prior to 2005, the Authority was self-insured for worker's compensation and estimated remaining worker's compensation claims are reflected below. The Authority has made no significant changes in its insurance coverage from coverage in the prior year. In the past three years the Authority has had no settlements that exceeded insurance coverage.

A liability for unpaid claims is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Authority's liability is an estimate and includes an amount for claims that have been incurred but not reported (IBNR). The methodology used to determine the liability is based on recent claim settlement trends, including frequency and amount of payouts, and other factors such as inflation, changes in legal doctrines and damage awards. At December 31, 2011, the liability of $194,817 is comprised of estimated health claims of $184,050 and estimated worker's compensation claims of $10,767. At December 31, 2010, the liability of $207,216 is comprised of estimated health claims of $195,987 and estimated worker's compensation claims of $11,229.

Changes in the balances of claims liabilities as of December 31, 2011 and 2010 are as follows:

	2011	2010
Unpaid claims, beginning of fiscal year	$ 207,216	$ 210,487
Incurred claims (including IBNRs)	2,230,325	2,242,105
Claims payments	(2,242,724)	(2,245,376)
Unpaid claims, end of fiscal year	**$ 194,817**	**$ 207,216**

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, 2011, facilities financing revenue bonds outstanding amounted to $589,495,000.

11. REVERSION OF NAVAL STATION INGLESIDE PROPERTY

The Authority, by Special Warranty Deed, conveyed land 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 appraisal of the land and improvements was 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 for the year ended December 31, 2010.

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. RESTATEMENTS

In prior years the Authority was incorrectly recording net pension cost as the amount contributed rather than the required annual contribution and not recording the resulting net pension asset.

The beginning total net assets in the Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended December 31, 2010 has been restated to reflect the recognition of net pension asset in the amount of $318,003 not recorded in prior years.

The Changes in Net Assets for the Year Ended December 31, 2010 increased by $283,601 to correct the pension cost. The 2010 financial statements have been restated.

PENSION PLAN:

	2010	2009	2008
Actuarial Valuation Date	12/31/2010	12/31/2009	12/31/2008
Actuarial Value of Assets	$ 21,744,295	$ 20,143,863	$ 18,097,936
Actuarial Accrued Liability (AAL)	$ 26,372,629	$ 24,899,158	$ 23,421,983
Funded Ratio	82.5%	80.9%	77.3%
Unfunded Actuarial Accrued Liability (UAAL)	$ 4,628,334	$ 4,755,295	$ 5,324,047
Annual covered Payroll	$ 11,840,675	$ 11,397,962	$ 10,298,956
UAAL as a Percentage of Covered Payroll	39.1%	41.7%	51.7%

OPEB Obligation:

	2011	2010	2009
Actuarial Valuation Date	1/1/2011	1/1/2010	1/1/2009
Actuarial Value of Assets	$ -	$ -	$ -
Actuarial Accrued Liability (AAL)	$ 1,075,827	$ 1,430,581	$ 1,408,938
Funded Ratio	0.0%	0.0%	0.0%
Unfunded Actuarial Accrued Liability (UAAL)	$ 1,075,827	$ 1,430,581	$ 1,408,938
Annual covered Payroll	$ 10,531,666	$ 11,840,675	$ 11,397,962
UAAL as a Percentage of Covered Payroll	10.2%	12.1%	12.4%

PORT CORPUS CHRISTI 85 1926 2011 ANNIVERSARY

Employee State of the Port

SUPPLEMENTAL SECTION

PORT CORPUS CHRISTI

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

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

	Year Ended December 31, 2011		
	Actual	Budget	Variance (%)
OPERATING REVENUES:			
Wharfage	$ 27,410,252	$ 26,341,972	4
Dockage	8,948,217	7,301,878	23
Security fees	6,319,747	5,839,385	8
Freight handling	2,387,583	2,173,000	10
Building and land rentals	6,411,552	4,281,248	50
Conference center services	1,814,456	1,845,723	(2)
Warehouse handling charges	368,950	226,224	63
FTZ user fees	302,750	341,000	(11)
Other	4,735,454	2,158,098	119
Total Operating Revenues	58,698,961	50,508,528	16
OPERATING EXPENSES:			
Maintenance and operations	22,760,814	21,350,797	(7)
General and administrative	13,830,284	13,665,584	(1)
Depreciation	13,381,562	11,656,761	(15)
Total Operating Expenses	49,972,660	46,673,142	(7)
Operating Income	8,726,301	3,835,386	128
NON-OPERATING REVENUES (EXPENSES):			
Interest revenue	467,494	433,342	8
Federal and other grant assistance	169,966	-	100
Donation of personal property	4,500	-	100
Gain on disposal of fixed assets	3,727,517	-	100
Interest expense and fiscal charges	(392,699)	(392,943)	0
Net Non-Operating Revenues	3,976,778	40,399	9744
Income Before Capital Grants and Contributions	12,703,079	3,875,785	228
CAPITAL GRANTS AND CONTRIBUTIONS	5,402,273	6,975,713	(23)
Change in Net Assets	$ 18,105,352	$ 10,851,498	67

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, 2011 and 2010

	2011	2010
MAINTENANCE AND OPERATIONS:		
Employee services	$ 7,810,947	$ 8,374,106
Maintenance	5,136,098	3,538,398
Utilities	2,327,822	1,702,868
Telephone	101,960	35,286
Insurance	2,099,345	2,266,112
Professional services	1,415,731	691,191
Police expenses	14,233	66,434
Contracted services	1,897,144	1,876,695
Office and equipment rental	142,778	73,983
Operator and event expenses	1,538,092	1,415,417
Warehouse supplies	8,024	9,037
Safety/Environmental	83,442	69,075
General	185,198	129,909
Total Maintenance and Operations	$ 22,760,814	$ 20,248,511
GENERAL AND ADMINISTRATIVE:		
Employee services	$ 7,224,377	$ 7,692,080
Maintenance	501,087	453,408
Utilities	194,864	172,703
Telephone	115,447	196,626
Insurance	92,492	124,620
Professional services	3,046,566	3,526,850
Police expenses	82	82
Contracted services	100,952	151,445
Office and equipment rental	65,104	59,809
Administrative	2,035,746	2,108,277
Trade and sales development	184,528	157,237
Media advertising	195,766	206,557
Production	24,222	25,678
Safety/Environmental	23,299	21,544
General	25,752	42,294
Total General and Administrative	$ 13,830,284	$ 14,939,210

REVENUE BONDS, SERIES 2002-A

Years Ending December 31,	Principal	Interest	Total Requirements
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	$ 4,145,000	$ 648,925	$ 4,793,925

REVENUE BONDS, SERIES 2002-B

Years Ending December 31,	Principal	Interest	Total Requirements
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	$ 3,105,000	$ 457,370	$ 3,562,370

SUMMARY OF LONG-TERM DEBT

Years Ending December 31,	Principal	Interest	Total Requirements
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	$ 7,250,000	$ 1,106,295	$ 8,356,295

Description		Interest Rates	Issue Date	Series Maturity	Original Amount	Balance Outstanding
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	18,000,000
Valero Refining, Series 1997B	*	Variable	04/01/1997	2027	32,800,000	28,000,000
Valero Refining, Series 1997C	*	Variable	04/01/1997	2027	32,800,000	28,000,000
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					$ 625,395,000	$ 589,495,000

* - Issued by the Industrial Development Corporation (IDC)

PORT CORPUS CHRISTI 85 1926 2011 ANNIVERSARY

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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

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

PORTCORPUSCHRISTI

TABLE 1 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Net Assets and Changes in Net Assets
Last Ten Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 27,410,252
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	8,948,217
Security fees	-	-	869,819	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747
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	2,387,583
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	6,411,552
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	1,814,456
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	368,950
FTZ user fees	287,115	264,750	261,666	233,333	243,000	295,000	284,500	326,000	337,000	302,750
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	4,735,454
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	58,698,961
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	467,494
Federal and other grant assistance	-	-	-	78,914	-	-	284,048	17,570	60,806	169,966
Donation of personal property	-	-	-	-	-	-	-	-	225,825	4,500
Gain on disposal of capital assets	236,214	-	1,242,935	60,268	-	-	-	7,266	-	3,727,517
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	63,068,438
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	20,697,782	20,248,511	22,760,814
General and administrative	8,883,174	9,572,631	9,630,337	10,139,046	10,760,589	12,521,179	13,007,565	15,029,743	14,939,210	13,830,284
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	13,381,562
Total operating expenses	25,582,739	27,464,301	29,081,705	32,642,253	36,273,101	42,356,148	44,499,116	45,788,170	47,352,835	49,972,660
Interest expense and fiscal charges	656,585	781,399	739,852	712,323	689,611	620,495	562,442	504,030	450,602	392,699
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	46,312,935	47,822,823	50,365,359
Income(Loss) Before Contributions	394,090	(338,706)	828,021	536,894	278,543	3,135,017	6,584,584	722,640	5,221,951	12,703,079
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	5,402,273
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	2,813,213	116,892,651	18,105,352
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	236,908,223	353,800,874
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	$ 236,908,223	$ 353,800,874	$ 371,906,226
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	$ 334,092,868
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	1,924,226
Unrestricted	35,833,098	35,544,177	28,062,089	24,171,534	20,095,232	18,005,132	29,751,083	23,175,878	30,402,517	35,889,132
Total Net Assets	$ 173,780,680	$ 175,080,501	$ 186,361,654	$ 204,690,766	$ 217,230,893	$224,999,680	$ 234,095,010	$ 236,908,223	$ 353,800,874	$ 371,906,226

TABLE 2 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Revenues by Source
Last Ten Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 27,410,252
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	8,948,217
Security fees	-	-	869,819	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747
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	2,387,583
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	6,411,552
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	1,814,456
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	368,950
FTZ user fees	287,115	264,750	261,666	233,333	243,000	295,000	284,500	326,000	337,000	302,750
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	4,735,454
	$ 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	$ 58,698,961
Non-Operating Revenues:										
Other:										
Interest	$ 1,314,593	$ 1,222,899	$ 1,116,764	$ 1,084,006	$ 1,269,697	$ 1,230,324	$ 932,447	$ 584,849	$ 478,291	$ 467,494
Other	236,214	-	1,242,935	139,182	-	-	284,048	24,836	286,631	3,901,983
	$ 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	$ 4,369,477

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Expenses by Type
Last Ten Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Expenses:										
Maintenance and Operation:										
Employee services	$ 3,929,041	$ 4,144,531	$ 5,206,360	$ 6,296,241	$ 6,768,333	$ 6,952,412	$ 8,255,443	$ 7,866,038	$ 8,374,106	$ 7,810,947
Maintenance	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	5,136,098
Utilities	694,391	886,009	964,332	1,095,452	1,399,011	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822
Telephone	34,045	22,358	20,468	19,694	23,716	35,699	29,991	26,436	35,286	101,960
Insurance	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	2,099,345
Professional services	202,418	228,158	444,902	544,189	400,085	344,073	424,975	900,742	691,191	1,415,731
Police expenses	-	-	64,252	36,788	53,276	39,442	74,106	55,218	66,434	14,233
Contracted services	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	1,897,144
Office and equipment rental	106,710	11,908	25,941	78,665	129,527	124,691	91,004	97,627	73,983	142,778
Operator and event expenses	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	1,538,092
Warehouse supplies	85,770	46,823	51,281	136,382	64,946	38,292	68,428	44,700	9,037	8,024
Safety/Environmental	39,985	46,293	43,180	53,509	50,970	62,693	90,947	71,246	69,075	83,442
General	253,460	178,488	225,660	74,745	173,190	220,500	93,105	196,113	129,909	185,198
	$11,415,193	$12,474,555	$13,937,712	$16,361,152	$18,385,065	$21,392,329	$21,842,912	$20,697,782	$20,248,511	$22,760,814
General and Administrative:										
Employee services	$ 4,523,035	$ 5,048,655	$ 5,367,098	$ 5,711,388	$ 6,150,455	$ 6,808,607	$ 7,349,030	$ 7,837,903	$ 7,692,080	$ 7,224,377
Maintenance	297,592	272,419	274,342	229,548	324,760	351,566	320,610	432,088	453,408	501,087
Utilities	118,395	131,448	135,135	162,864	218,586	222,481	196,865	224,245	172,703	194,864
Telephone	98,649	103,287	108,862	209,939	205,520	213,248	231,958	209,267	196,626	115,447
Insurance	208,519	107,456	45,278	119,854	111,670	108,314	84,451	96,638	124,620	92,492
Professional services	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	3,046,566
Police expenses	-	-	1,429	1,341	654	216	314	174	82	82
Contracted services	94,226	68,343	60,516	54,189	134,754	198,260	88,262	64,213	151,445	100,952
Office and equipment rental	2,245	8,270	3,042	4,451	6,852	10,173	18,264	40,406	59,809	65,104
Administrative	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	2,035,746
Trade and sales development	129,229	125,484	143,296	107,450	123,054	146,161	148,946	204,427	157,237	184,528
Media advertising	124,256	88,530	102,957	91,527	73,557	157,725	109,262	108,425	206,557	195,766
Production	55,918	57,538	25,460	45,124	56,861	30,773	27,917	48,319	25,678	24,222
Safety/Environmental	13,638	19,889	20,992	20,439	36,047	26,992	38,206	22,681	21,544	23,299
General	143,727	226,074	100,304	184,761	(193,238)	30,689	100,319	25,185	42,294	25,752
	$ 8,883,174	$ 9,572,631	$ 9,630,337	$10,139,046	$10,760,589	$12,521,179	$13,007,565	$15,029,743	$14,939,210	$13,830,284
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	$13,381,562
Non-Operating Expenses:										
Other:										
Interest	$ 734,977	$ 886,261	$ 821,270	$ 775,933	$ 739,069	$ 658,323	$ 591,057	$ 504,030	$ 450,602	$ 392,699
Other	-	90,856	-	-	15,395	10,293	592,931	20,735	19,386	-
	$ 734,977	$ 977,117	$ 821,270	$ 775,933	$ 754,464	$ 668,616	$ 1,183,988	$ 524,765	$ 469,988	$ 392,699

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Financial Performance Indicators
Last Ten Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenues (OR)	$ 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	$ 58,698,961
Operating Expenses (OE) *	(20,298,367)	(22,047,186)	(23,568,049)	(26,500,198)	(29,145,654)	(33,913,508)	(34,850,477)	(35,727,525)	(35,187,721)	(36,591,098)
Net Operating Income (NOI)	4,862,632	4,832,627	4,803,248	6,231,694	6,890,757	11,015,949	16,200,716	10,698,365	17,092,131	22,107,863
Non-Operating Revenues	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	4,369,477
Non-Operating Expenses	(734,977)	(977,117)	(821,270)	(775,933)	(754,464)	(668,616)	(1,183,988)	(524,765)	(469,988)	(392,699)
Net Income "A" (NI"A")	5,678,462	5,078,409	6,341,677	6,678,949	7,405,990	11,577,657	16,233,223	10,783,285	17,387,065	26,084,641
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)	(13,381,562)
Net Income (Loss) "B" (NI"B")	$ 394,090	$ (338,706)	$ 828,021	$ 536,894	$ 278,543	$ 3,135,017	$ 6,584,584	$ 722,640	$ 5,221,951	$ 12,703,079
Net Capital Assets (NCA) **	$ 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	$ 308,029,828
Total Assets (TA)	$ 196,391,543	$ 197,115,656	$ 212,289,063	$ 242,045,429	$ 252,168,291	$ 258,145,439	$ 263,271,819	$ 265,643,291	$ 382,785,615	$ 398,726,746
Operating Indicators:										
Operating ROI (NOI/NCA)	3.33%	3.37%	3.43%	3.98%	3.92%	6.35%	7.41%	4.95%	5.51%	7.18%
Operating Margin (NOI/OR)	19.33%	17.98%	16.93%	19.04%	19.12%	24.52%	31.73%	23.04%	32.69%	37.66%
Operating Ratio (OE/OR)	80.67%	82.02%	83.07%	80.96%	80.88%	75.48%	68.27%	76.96%	67.31%	62.34%
Other ROI Indicators:										
ROI "A" (NI"A"/TA)	2.89%	2.58%	2.99%	2.76%	2.94%	4.48%	6.17%	4.06%	4.54%	6.54%
ROI "B" (NI"B"/TA)	0.20%	-0.17%	0.39%	0.22%	0.11%	1.21%	2.50%	0.27%	1.36%	3.19%

* - Excludes Depreciation
** - Excludes Construction in Progress

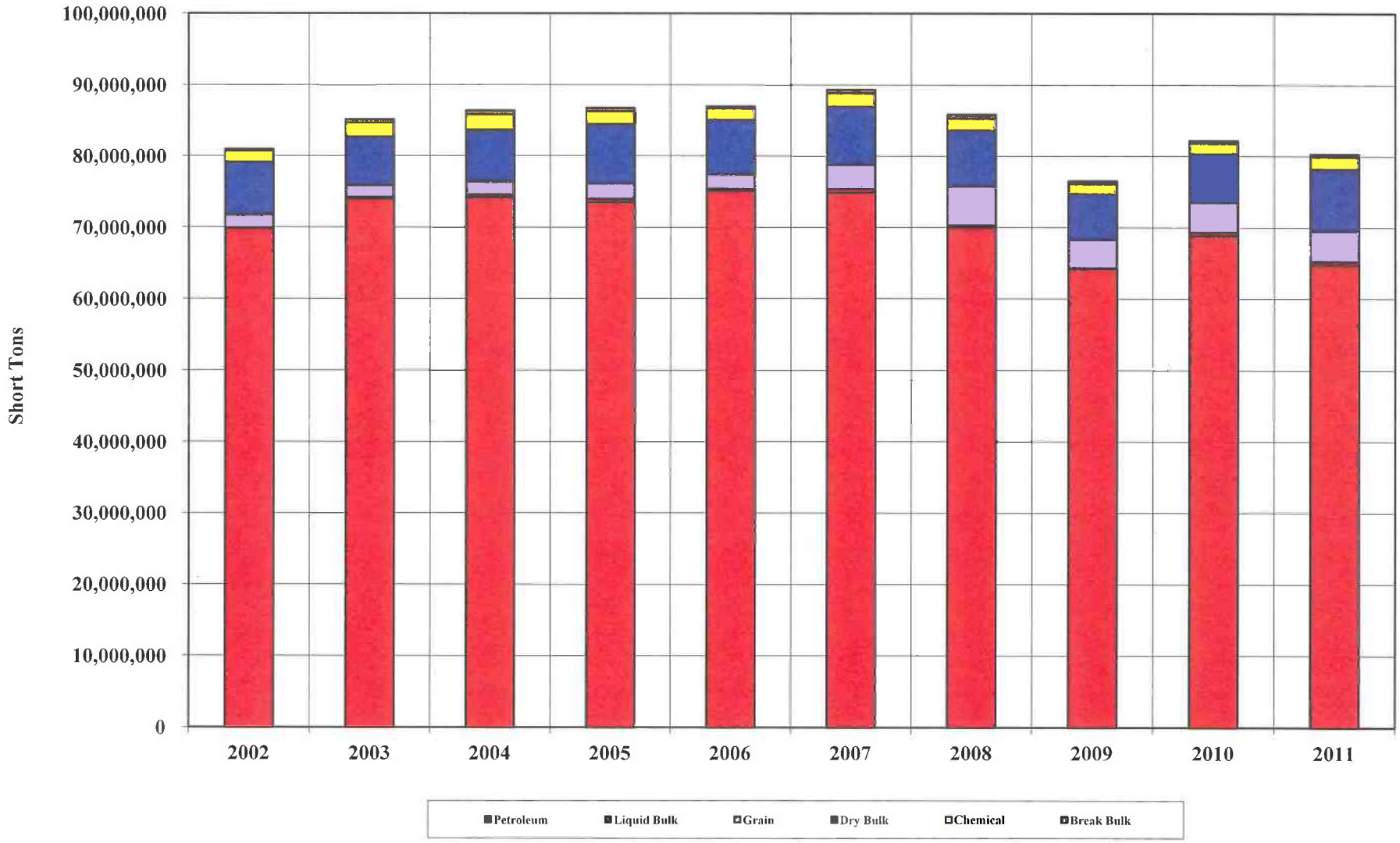
PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Commodity By Port Division - *Short tons*										
Inner Harbor										
Break Bulk	41,356	210,873	253,084	200,159	183,544	215,964	256,612	133,037	157,781	122,055
Grain	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	4,183,095
Chemical	48,861	37,243	47,295	66,514	59,851	52,709	68,760	43,982	37,814	58,377
Dry Bulk	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	2,821,831
Liquid Bulk	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211	533,543
Petroleum	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	59,446,567
Total	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	67,165,468
La Quinta										
Break Bulk	-	-	-	-	-	-	-	-	1,369	-
Chemical	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	1,685,331
Dry Bulk	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	5,817,275
Petroleum	26,862	23,386	31,518	25,081	24,030	26,925	26,607	18,766	22,404	41,750
Total	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	7,544,356
Harbor Island										
Break Bulk	5,132	17,146	1,816	6	6	6	2	-	-	-
Petroleum	2,760	533	-	332	-	-	-	-	-	-
Total	7,892	17,679	1,816	338	6	6	2	-	-	-
Ingleside										
Break Bulk	93,260	133,165	241,882	226,899	46,637	224,714	277,147	178,826	169,609	175,551
Dry Bulk	-	3,506	(3,506)	-	-	42,722	-	-	7,012	4,615
Petroleum	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	5,330,829
Total	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	5,510,995
Rincon Point										
Break Bulk	-	62	6,234	17,918	26,510	4,519	18,829	6,130	10,500	9,025
Grain	-	-	-	-	5,746	10,329	14,040	-	12,503	31,726
Dry Bulk	10,358	6,890	61,574	38,690	1,707	(1,707)	-	1,734	12,291	48,647
Total	10,358	6,952	67,808	56,608	33,963	13,141	32,869	7,864	35,294	89,398
Total	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	80,310,217
Commodity Totals - *Short tons*										
Break Bulk	139,748	361,246	503,016	444,982	256,697	445,203	552,590	317,993	339,259	306,631
Grain	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	4,214,821
Chemical	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	1,743,708
Dry Bulk	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	8,692,368
Liquid Bulk	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211	533,543
Petroleum	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	64,819,146
Total	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	80,310,217

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years



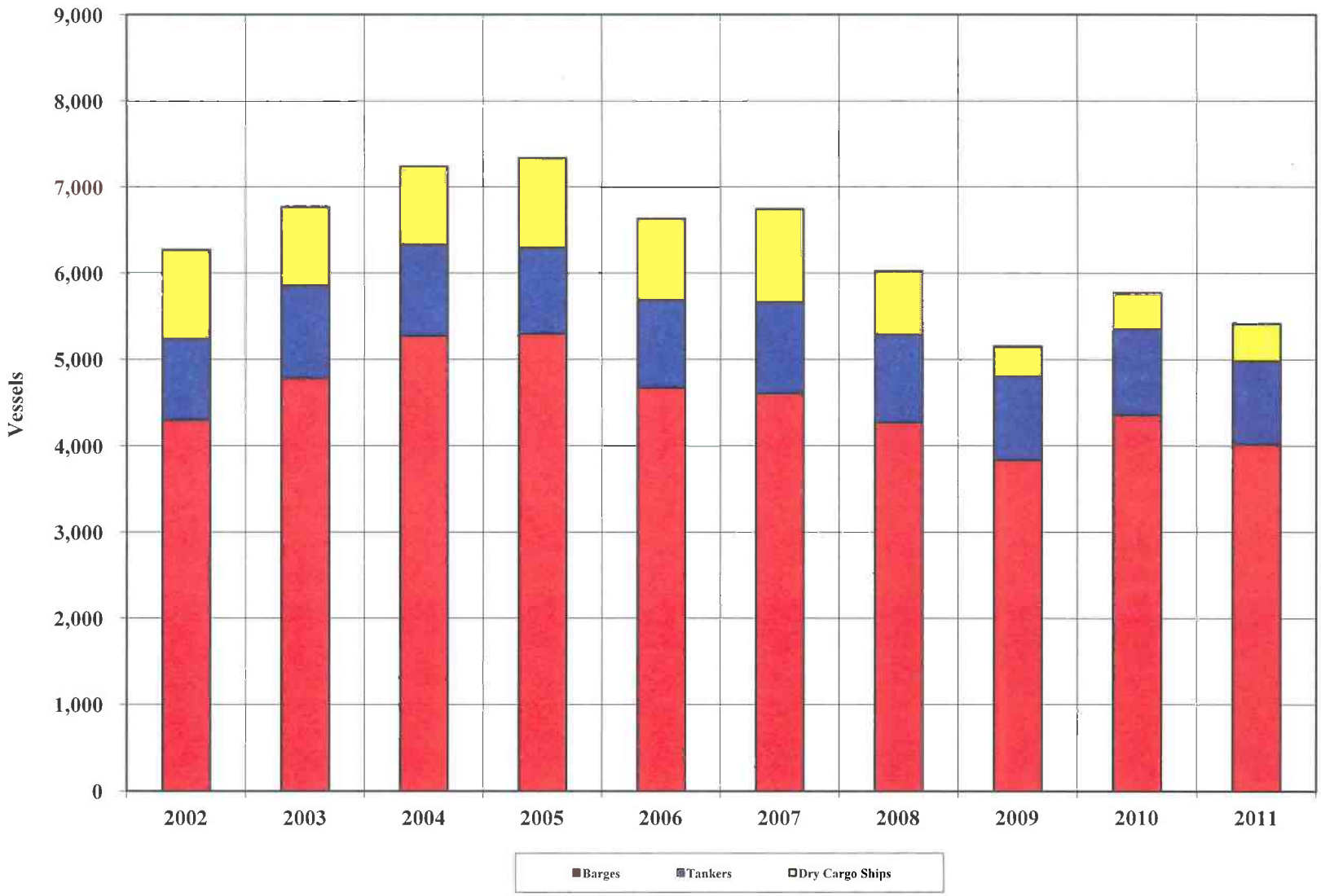
PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Vessel Traffic Last Ten Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Inner Harbor										
Ships										
Dry Cargo	266	244	210	268	233	300	377	217	234	271
Tankers	744	841	803	808	817	825	819	779	816	789
Barges	4,066	4,465	4,818	4,820	4,440	4,393	4,112	3,691	4,168	3,878
Total Vessels	5,076	5,550	5,831	5,896	5,490	5,518	5,308	4,687	5,218	4,938
La Quinta Harbor										
Ships										
Dry Cargo	119	116	101	147	128	117	107	100	124	117
Tankers	112	152	167	104	110	135	104	85	69	101
Barges	161	257	281	310	175	166	102	80	123	89
Total Vessels	392	525	549	561	413	418	313	265	316	307
Harbor Island										
Ships										
Dry Cargo	628	540	581	610	566	632	227	-	-	-
Barges	23	5	-	-	-	-	-	-	-	1
Total Vessels	651	545	581	610	566	632	227	-	-	1
Ingleside Harbor										
Ships										
Dry Cargo	13	6	13	12	15	28	19	22	58	42
Tankers	84	80	86	88	92	97	98	109	107	75
Barges	52	56	111	54	55	45	49	66	67	48
Total Vessels	149	142	210	154	162	170	166	197	232	165
Rincon Point										
Barges	3	4	66	114	2	6	8	2	3	2
Total Vessels	3	4	66	114	2	6	8	2	3	2
Total										
Ships										
Dry Cargo	1,026	906	905	1,037	942	1,077	730	339	416	430
Tankers	940	1,073	1,056	1,000	1,019	1,057	1,021	973	992	965
Barges	4,305	4,787	5,276	5,298	4,672	4,610	4,271	3,839	4,361	4,018
Total Vessels	6,271	6,766	7,237	7,335	6,633	6,744	6,022	5,151	5,769	5,413

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years



PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Tariff Rates
Last Ten Years

	U/M	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Wharfage Rates											
All Cargo NOS	W/M	$2.5000	$2.5000	$2.5000	$2.5000	$2.5000	$2.5000	$2.7500	$2.8600	$2.8500	$2.8900
Dry Bulk	S/T	$0.6000	$0.6000	$0.6000	$0.6000	$0.6000	$0.6000	$0.6000	$0.6200	$0.9000	$1.0500
Liquid Bulk	BRL	$0.0400	$0.0400	$0.0400	$0.0600	$0.0600	$0.0800	$0.0800	$0.0831	$0.0828	$0.0839
Beans, Lentils & Peas	S/T	$0.4000	$0.4000	$0.4000	$0.5000	$0.5000	$0.5000	$0.5500	$0.5700	$0.5700	$0.5800
Cotton	Bale	$0.1500	$0.1500	$0.1500	$0.4800	$0.4800	$0.4800	$0.4800	$0.5000	$0.5000	$0.5100
Grain and Grain Products	S/T	$0.4000	$0.4000	$0.4000	$0.5000	$0.5000	$0.5000	$0.7000	$1.3000	$1.2900	$1.3100
Grain and Grain Products (bulk)	S/T	$0.1700	$0.1700	$0.1700	$0.1700	$0.1700	$0.1700	$0.2500	$0.2600	$0.2600	$0.2600
Iron and Steel Articles	S/T	$1.2000	$1.2000	$1.2000	$1.2000	$1.2000	$1.2000	$1.8000	$1.8700	$1.8600	$1.8800
Machinery, agricultural	S/T	$0.0000	$1.7600	$1.7600	$1.7600	$1.7600	$1.7600	$2.7500	$2.8600	$2.8500	$2.8900
Machinery, grading, earth moving	S/T	$2.0000	$2.0000	$2.0000	$2.0000	$2.0000	$2.0000	$2.7500	$2.8600	$2.8500	$2.8900
Military Cargo	S/T	$1.3000	$1.3000	$1.3000	$2.3000	$2.3000	$2.3000	$2.3000	$5.3800	$5.3600	$5.4300
Milk, dehydrated	S/T	$0.4000	$0.4000	$0.4000	$0.5000	$0.5000	$0.5000	$0.7000	$1.5200	$1.5100	$1.5300
Passengers	Person	$4.0000	$4.0000	$5.0000	$5.0000	$5.0000	$5.0000	$5.0000	$5.0000	$4.9800	$5.0500
Power Generation/Plant Equipment	S/T	$0.0000	$0.0000	$0.0000	$0.0000	$1.9000	$1.9000	$2.7500	$2.8500	$2.8400	$2.8800
Refrigerated Cargo	S/T	$0.0000	$0.0000	$0.0000	$1.3000	$1.3000	$1.3000	$1.3000	$1.3000	$1.2900	$1.3100
Rice and Rice Products	S/T	$0.4000	$0.4000	$0.4000	$0.5000	$0.5000	$0.5000	$0.7000	$1.3000	$1.2900	$1.3100
Sand, aggregates, caliche, limestone	S/T	$0.6000	$0.6000	$0.6000	$0.6000	$0.6000	$0.6000	$0.6000	$0.6200	$0.9000	$1.0500
Vegetable oil	S/T	$1.2000	$1.2000	$1.2000	$1.2000	$1.2000	$1.2000	$1.2000	$1.2500	$1.2500	$1.2700
Vehicles	S/T	$3.4000	$3.4000	$3.4000	$3.4000	$3.4000	$3.4000	$4.7500	$4.9400	$4.9200	$4.9800
Vessels, pressure	S/T	$3.4000	$3.4000	$3.4000	$3.4000	$3.4000	$3.4000	$3.4000	$3.5300	$3.5200	$3.5700
Dockage Rates											
General Cargo											
Vessels								**Dry/Liquid**			
0-199	Feet	$1.90	$1.90	$1.90	$1.97	$1.97	$1.97	$2.28/$1.62	$2.37	$2.36	$2.39
200-399	Feet	$2.22	$2.22	$2.22	$2.55	$2.55	$2.55	$2.99/$2.10	$3.11	$3.10	$3.14
400-499	Feet	$3.02	$3.00	$3.02	$3.50	$3.50	$3.50	$4.23/$2.88	$4.40	$4.38	$4.44
500-599	Feet	$4.06	$4.06	$4.06	$4.67	$4.67	$4.67	$5.69/$3.85	$5.91	$5.89	$5.97
600-699	Feet	$4.72	$4.72	$4.72	$5.43	$5.43	$5.43	$6.51/$4.47	$6.77	$6.74	$6.83
700-799	Feet	$5.99	$5.99	$5.99	$6.89	$6.89	$6.89	$8.39/$5.67	$8.72	$8.69	$8.80
800-899	Feet	$7.21	$7.21	$7.21	$8.29	$8.29	$8.29	$10.10/$6.83	$10.50	$10.46	$10.60
900 +	Feet	$8.63	$8.63	$8.63	$9.92	$9.92	$9.92	$12.08/$8.17	$12.55	$12.50	$12.66
Barges - Inland Waterway		$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	$126.64
Bulk Terminal	GRT	$0.13	$0.13	$0.13	$0.13	$0.13	$0.13	$0.49	$0.51	$0.41	$0.42
Liquid Bulk											
Vessels	DWT	$0.025	$0.025	$0.025	$0.025	$0.025	$0.025	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
Barges											
0-360 Feet	Barge	$70.00	$70.00	$70.00	$70.00	$70.00	$70.00	$90.00	$95.00	$125.00	$126.64
360 +	Barge	$700.00	$700.00	$700.00	$700.00	$700.00	$700.00	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
Harbor Safety Fee [2]											
Ships	Ship	$240.00	$240.00	$240.00	$240.00	$240.00	$240.00	$275.00	$275.00	$2,032.00	$2,032.00
Barges	Barge	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$35.00	$35.00	$230.00	$230.00
Security Surcharge Fee [1]		-	-	10.0%	10.5%	11.0%	11.5%	12.0%	10.0%	10.0%	7.5%

1 Security surcharge fee is calculated on wharfage and dockage billings
2 Harbor Safety Fees include fireboat fees and a marine patrol fee implemented in 2010
Tariff rates reported on this schedule represent the most significant of the Authority's revenue sources, all rates may be obtained from the Authority's published tariff

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

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Ten Largest Customers
December 31, 2011 and 2002

WHARFAGE and DOCKAGE REVENUE:

Customer	2011 Wharfage and Dockage Revenue	2011 Rank	2011 %		2002 Wharfage and Dockage Revenue	2002 Rank	2002 %
Valero	$ 9,272,737	1	24.60%		$ 3,877,537	2	23.87%
Citgo	6,940,053	2	18.41%		3,529,849	1	21.73%
Flint Hills	4,970,161	3	13.18%		1,940,967	3	11.95%
NuStar Logistics	2,036,496	4	5.40%		-		0.00%
Biehl & Company	1,066,886	5	2.83%		334,408	9	2.06%
Max Shipping	882,359	6	2.34%		-		0.00%
Equistar	780,319	7	2.07%		573,296	5	3.53%
Dix-Fairway	710,015	8	1.88%		396,402	8	2.44%
Boyd Campbell	682,041	9	1.81%		522,512	6	3.22%
Port Corpus Terminal	626,820	10	1.66%		-		-
Shamrock Logistics	-		-	**	1,058,957	4	6.52%
Aimcor	-		-		478,057	7	2.94%
Corpus Christi Day Cruise	-		-		273,213	10	1.68%
Subtotal (10 largest)	27,967,887		74.18%		12,985,198		79.94%
Other	9,728,849		25.82%		3,260,177		20.06%
Total	**$ 37,696,736**		**100.00%**		**$ 16,245,375**		**100.00%**

TONNAGE:

Customer	2011 Tonnage	2011 Rank	2011 %		2002 Tonnage	2002 Rank	2002 %
Valero	23,253,364	1	28.95%		21,711,488	2	26.82%
Citgo	23,210,483	2	28.90%		24,768,954	1	30.59%
Flint Hills	12,632,429	3	15.73%		9,949,604	3	12.29%
Sherwin Alumina	5,817,275	4	7.24%		4,892,005	5	6.04%
NuStar Logistics	2,640,415	5	3.29%		-		-
ADM/Growmark	2,428,773	6	3.02%		-		-
Interstate Grain	1,749,357	7	2.18%		1,065,395	9	1.32%
Occidental	1,699,239	9	2.12%		1,555,500	8	1.92%
Equistar	1,152,646	8	1.44%		1,978,448	7	2.44%
Koch Supply & Trading	767,481	10	0.96%		-		-
Koch Petroleum Group	-		-	*	6,058,066	4	7.48%
Shamrock Logistics	-		-	**	3,093,441	6	3.82%
Aimcor	-		-		796,762	10	0.98%
Subtotal (10 largest)	75,351,462		93.83%		75,869,663		93.71%
Other	4,958,755		6.17%		5,089,261		6.29%
Total	**80,310,217**		**100.00%**		**80,958,924**		**100.00%**

* Flint Hills was formerly Koch Petroleum

** NuStar Logistics was formerly Shamrock Logistics

TABLE 9 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Ratios of Outstanding Debt
Last Ten Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 7,250,000
Per Capita	$672	$602	$541	$475	$411	$350	$292	$266	$232	$186
Percent of Personal Income	0.17%	0.15%	0.13%	0.12%	0.10%	0.09%	0.07%	0.06%	0.05%	0.04%

Details regarding the Authority's outstanding debt can be found in Note 6 of the Notes to the Financial Statements. See Table 11, schedule of Demographic and Economic Statistics for personal income and population data.

TABLE 10 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Revenue Bond Coverage Last Ten Years

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (A)			Coverage
				Principal	Interest	Total	
2002	27,835,369	20,298,367	7,537,002	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	35,727,525	11,308,050	1,389,286	282,198	1,671,484	6.77
2010	53,044,774	35,187,721	17,857,053	1,419,167	252,450	1,671,617	10.68
2011	63,068,438	36,591,098	26,477,340	1,450,000	221,259	1,671,259	15.84

(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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011(E)
Population (1)	402,858	403,458	406,835	410,253	411,889	411,528	413,206	416,095	428,217	424,057
Personal Income-(in thousands) (1)	$ 10,241,211	$ 10,805,356	$ 11,388,008	$ 12,200,894	$ 13,096,253	$ 14,096,242	$ 15,428,875	$ 15,211,542	$ 15,718,947	$ 16,497,035
Per Capita Personal Income (1)	$25,421	$26,782	$27,992	$29,740	$31,796	$34,253	$37,339	$36,558	$36,708	$38,903
Unemployment rate (2)	6.30%	6.80%	6.60%	5.20%	4.70%	4.20%	4.70%	7.20%	8.19%	7.88%

Source:
(1) Bureau of Economic Analysis
(2) Texas Workforce Commission

(E) Estimated based on growth trend from 2002-2010

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Principal Employers December 31, 2011 and 2002

	2011			2002*		
Employer	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	2.83%		-	-
Corpus Christi ISD	5,178	2	2.53%	-	-	-
Christus Spohn Health System	5,144	3	2.51%	-	-	-
HEB Grocery Co.	5,000	4	2.44%	-	-	-
City of Corpus Christi	3,171	5	1.55%	-	-	-
Naval Air Station Corpus Christi	2,822	6	1.38%	-	-	-
Bay, Ltd.	2,100	7	1.03%	-	-	-
Driscoll Children's Hospital	1,800	8	0.88%	-	-	-
Del Mar College	1,542	9	0.75%	-	-	-
Corpus Christi Medical Center	1,300	10	0.64%	-	-	-
Total	33,857		16.54%	-		-

Corpus Christi Regional Economic and Development Corporation
Bureau of Labor Statistics

* Information for 2002 not available

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Employees by Function Last Ten Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operations:										
Cold Storage Facility	12	12	13	13	13	12	9	-	-	-
Bulk Terminal Facility	16	16	16	16	17	16	17	17	14	17
Harbormaster's Office	19	12	12	12	11	10	10	10	9	9
Lift Bridge	-	8	8	8	8	5	-	-	-	-
Maintenance	34	38	37	38	39	43	43	48	46	45
Police Department	-	-	20	21	22	40	44	49	51	46
	81	86	106	108	110	126	123	124	120	117
Administration:										
Executive Director	2	2	2	2	2	2	5	4	6	2
Deputy Port Directors	-	-	-	-	-	-	3	4	4	4
Government Affairs	1	1	1	1	1	1	1	1	1	1
Human Resources	5	5	5	4	4	5	5	5	5	5
Business Development	7	8	8	8	7	7	5	7	3	3
Communications	-	-	-	-	-	-	-	-	2	3
Property & Industrial Development	1	1	1	1	1	1	1	1	1	3
Finance and Administration	2	2	2	2	2	2	2	2	2	2
Accounting	7	7	8	8	8	8	9	9	7	8
Information Technology	5	5	7	7	7	9	9	7	7	6
Engineering	12	12	12	11	13	13	10	14	12	12
Operations	6	7	6	7	7	7	5	7	4	4
	48	50	52	51	52	55	55	61	54	53
	129	136	158	159	162	181	178	185	174	170

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Capital Asset Statistics Last Five Years

	2007	2008	2009	2010	2011
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	25	28	28	30
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	6,256
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	35	37	37	42
Security Command Center	1	1	1	1	1
Naval Station Ingleside					
Land-emerged (acres)	0	0	0	483	480
Land-submerged (acres)	0	0	0	429	429
Wharfs and piers (linear feet)	0	0	0	4050	3450
Buildings-office/classrooms,barracks,warehouse (sq ft)	0	0	0	788,367	781,217

TABLE 15 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Analysis of Funding Progress - Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As a Percentage of Covered Payroll
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%
2010	21,744,295	26,372,629	82.5%	4,628,334	11,840,675	39.1%

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Schedule of Insurance in Force December 31, 2011

Details of Coverage	Policy Period	Deductible	Liability Limits
All Risk Property	04/01/11-12	$4,000,000/$100,000	$ 125,000,000
Boiler and Machinery	04/01/11-12	50,000 5,000	1,000,000 30,000,000
Business Auto Liability	10/01/11-12	-	10,000,000
Group Travel Accident	01/11/11-14	-	1,000,000
Foreign Liability	10/01/11-12	-	1,000,000
Pollution Legal Liability	10/16/08-13	100,000	5,000,000
Non-owned Aircraft Liability	10/01/11-12	-	2,000,000
Marine Liability and Primary P&I	10/01/11-12	50,000	20,000,000
Firebarge Hull & Machinery	10/01/11-12	25,000	3,500,000
29' Safeboat Hull & Machinery 31' Safeboat Hull & Machinery	10/01/11-12	25,000	259,065 350,000
Firebarge and Excess P&I	10/01/11-12		80,000,000 excess of 20,000,000
Errors and Omissions Liability	10/01/11-12	10,000	5,000,000/10,000,000
Law Enforcement Liability	10/01/11-12	10,000	5,000,000/10,000,000
Executive Risk	10/01/10-13	-	250,000/1,250,000
Customs Bond - FTZ Operator	09/28/11-12	-	250,000
International Carrier Bond	02/16/11-12	-	100,000
Employee Fidelity (Crime) Bond	12/21/11-14	25,000	2,000,000
Public Officials Bonds (8)	Varies	-	5,000
Workers' Compensation	01/01/11-12	-	Statutory
Corporate Fine Art	07/08/11-12	-	82,000
Terrorism	04/01/11-12	50,000	25,000,000

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Miscellaneous Statistical Data
December 31, 2011

Date of Incorporation: 1922

Form of Government: A public corporation and political subdivision of the State of Texas

Number of Employees: 170

Geographic Location: Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border

Area: 6,256 - 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	305,215	340,223	64,804

Elevation: Sea level to 85 feet, average 35 feet

Tidal Data:

Average Water Level:
Inner Harbor — 2.08 feet above Mean Low Tide (MLT)

Tidal Range:
Inner Harbor — Insignificant
Aransas Pass — 1.5 feet

Aerial Clearance:
Harbor Bridge — 138 feet

Temperature:
Annual Average - 71°
January Average - 66°
July Average - 93°

Average Seasonal Rainfall: 30.4

Public Docks:

Bulk liquid	11 - Main Harbor
Dry cargo	8 - Main Harbor
Bulk materials	2 - Main Harbor
	21

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
		31

PORT CORPUS CHRISTI 85 1926 2011 ANNIVERSARY

Signing of memorandum of understanding with Tianjin Port Authority

CONTINUING BOND DISCLOSURES

PORT CORPUS CHRISTI

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Port Commerce By Commodity Last Ten Years

Table 1:

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Commodity By Port Division - *Short tons*										
Inner Harbor										
Break Bulk	41,356	210,873	253,084	200,159	183,544	215,964	256,612	133,037	157,781	122,055
Grain	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	4,183,095
Chemical	48,861	37,243	47,295	66,514	59,851	52,709	68,760	43,982	37,814	58,377
Dry Bulk	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	2,821,831
Liquid Bulk	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211	533,543
Petroleum	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	59,446,567
Total	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	67,165,468
La Quinta										
Break Bulk	-	-	-	-	-	-	-	-	1,369	-
Chemical	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	1,685,331
Dry Bulk	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	5,817,275
Petroleum	26,862	23,386	31,518	25,081	24,030	26,925	26,607	18,766	22,404	41,750
Total	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	7,544,356
Harbor Island										
Break Bulk	5,132	17,146	1,816	6	6	6	2	-	-	-
Petroleum	2,760	533	-	332	-	-	-	-	-	-
Total	7,892	17,679	1,816	338	6	6	2	-	-	-
Ingleside										
Break Bulk	93,260	133,165	241,882	226,899	46,637	224,714	277,147	178,826	169,609	175,551
Dry Bulk	-	3,506	(3,506)	-	-	42,722	-	-	7,012	4,615
Petroleum	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	5,330,829
Total	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	5,510,995
Rincon Point										
Break Bulk	-	62	6,234	17,918	26,510	4,519	18,829	6,130	10,500	9,025
Grain	-	-	-	-	5,746	10,329	14,040	-	12,503	31,726
Dry Bulk	10,358	6,890	61,574	38,690	1,707	(1,707)	-	1,734	12,291	48,647
Total	10,358	6,952	67,808	56,608	33,963	13,141	32,869	7,864	35,294	89,398
Total	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	80,310,217
Commodity Totals - *Short tons*										
Break Bulk	139,748	361,246	503,016	444,982	256,697	445,203	552,590	317,993	339,259	306,631
Grain	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	4,214,821
Chemical	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	1,743,708
Dry Bulk	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	8,692,368
Liquid Bulk	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211	533,543
Petroleum	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	64,819,146
Total	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	80,310,217

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Revenues by Source
Last Ten Years

Table 2:

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 27,410,252
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	8,948,217
Security fees	-	-	869,819	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747
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	2,387,583
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	6,411,552
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	1,814,456
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	368,950
FTZ user fees	287,115	264,750	261,666	233,333	243,000	295,000	284,500	326,000	337,000	302,750
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	4,735,454
	$ 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	$ 58,698,961
Non-Operating Revenues:										
Other:										
Interest	$ 1,314,593	$ 1,222,899	$ 1,116,764	$ 1,084,006	$ 1,269,697	$ 1,230,324	$ 932,447	$ 584,849	$ 478,291	$ 467,494
Other	236,214	-	1,242,935	139,182	-	-	284,048	24,836	286,631	3,901,983
	$ 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	$ 4,369,477

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Expenses by Type
Last Ten Years

Table 3:

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Expenses:										
Maintenance and Operation:										
Employee services	$ 3,929,041	$ 4,144,531	$ 5,206,360	$ 6,296,241	$ 6,768,333	$ 6,952,412	$ 8,255,443	$ 7,866,038	$ 8,374,106	$ 7,810,947
Maintenance	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	5,136,098
Utilities	694,391	886,009	964,332	1,095,452	1,399,011	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822
Telephone	34,045	22,358	20,468	19,694	23,716	35,699	29,991	26,436	35,286	101,960
Insurance	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	2,099,345
Professional services	202,418	228,158	444,902	544,189	400,085	344,073	424,975	900,742	691,191	1,415,731
Police expenses	-	-	64,252	36,788	53,276	39,442	74,106	55,218	66,434	14,233
Contracted services	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	1,897,144
Office and equipment rental	106,710	11,908	25,941	78,665	129,527	124,691	91,004	97,627	73,983	142,778
Operator and event expenses	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	1,538,092
Warehouse supplies	85,770	46,823	51,281	136,382	64,946	38,292	68,428	44,700	9,037	8,024
Ginning	-	-	-	-	-	-	-	-	-	-
Safety/Environmental	39,985	46,293	43,180	53,509	50,970	62,693	90,947	71,246	69,075	83,442
General	253,460	178,488	225,660	74,745	173,190	220,500	93,105	196,113	129,909	185,198
	$11,415,193	$12,474,555	$13,937,712	$16,361,152	$18,385,065	$21,392,329	$21,842,912	$20,697,782	$20,248,511	$22,760,814
General and Administrative:										
Employee services	$ 4,523,035	$ 5,048,655	$ 5,367,098	$ 5,711,388	$ 6,150,455	$ 6,808,607	$ 7,349,030	$ 7,837,903	$ 7,692,080	$ 7,224,377
Maintenance	297,592	272,419	274,342	229,548	324,760	351,566	320,610	432,088	453,408	501,087
Utilities	118,395	131,448	135,135	162,864	218,586	222,481	196,865	224,245	172,703	194,864
Telephone	98,649	103,287	108,862	209,939	205,520	213,248	231,958	209,267	196,626	115,447
Insurance	208,519	107,456	45,278	119,854	111,670	108,314	84,451	96,638	124,620	92,492
Professional services	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	3,046,566
Police expenses	-	-	1,429	1,341	654	216	314	174	82	82
Contracted services	94,226	68,343	60,516	54,189	134,754	198,260	88,262	64,213	151,445	100,952
Office and equipment rental	2,245	8,270	3,042	4,451	6,852	10,173	18,264	40,406	59,809	65,104
Administrative	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	2,035,746
Trade and sales development	129,229	125,484	143,296	107,450	123,054	146,161	148,946	204,427	157,237	184,528
Media advertising	124,256	88,530	102,957	91,527	73,557	157,725	109,262	108,425	206,557	195,766
Production	55,918	57,538	25,460	45,124	56,861	30,773	27,917	48,319	25,678	24,222
Safety/Environmental	13,638	19,889	20,992	20,439	36,047	26,992	38,206	22,681	21,544	23,299
General	143,727	226,074	100,304	184,761	(193,238)	30,689	100,319	25,185	42,294	25,752
	$ 8,883,174	$ 9,572,631	$ 9,630,337	$10,139,046	$10,760,589	$12,521,179	$13,007,565	$15,029,743	$14,939,210	$13,830,284
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	$13,381,562
Non-Operating Expenses:										
Other:										
Interest	$ 734,977	$ 886,261	$ 821,270	$ 775,933	$ 739,069	$ 658,323	$ 591,057	$ 504,030	$ 450,602	$ 392,699
Other	-	90,856	-	-	15,395	10,293	592,931	20,735	19,386	-
	$ 734,977	$ 977,117	$ 821,270	$ 775,933	$ 754,464	$ 668,616	$ 1,183,988	$ 524,765	$ 469,988	$ 392,699

At December 31, 2011, the Authority had one debt issue outstanding. This issue included $7,250,000 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, 2011:

Table 4:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	$ 8,515,000	$ -	$ 1,265,000	$ 7,250,000	$ 1,265,000
Accumulated Accretion	81,640	-	13,999	67,641	
Total	**$ 8,596,640**	**$ -**	**$ 1,278,999**	**$ 7,317,641**	**$ 1,265,000**

At December 31, 2011, total debt service requirements are as follows:

Table 5:

	Principal	Interest	Total
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	**$ 7,250,000**	**$ 1,106,295**	**$ 8,356,295**

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Notes Receivable
December 31, 2011

Table 6:

A summary of changes in notes receivable for the year ended December 31, 2011, is as follows:

	Beginning Balance	Additions	Maturities	Ending Balance	Current Portion
Notes Receivable	**$ 4,048,169**	**$ -**	**$ 3,203,405**	**$ 844,764**	**$ 844,764**

Notes Receivable as of December 31, 2011 is summarized as follows:

	Principal Outstanding
$12,000,000 Note Receivable due in annual principal installments; $844,764 due in 2012; interest at 8.0%	$ 4,048,169
Less: Principal Prepayments	3,203,405
Principal Outstanding	844,764
Less: Current Maturities	844,764
Notes Receivable - Net	**$ -**

Total note receivable requirements as of December 31, 2011, are as follows:

	Principal	Interest	Total
2012	$ 844,764	$ 67,581	$ 912,345
Thereafter	-	-	-
Total	**$ 844,764**	**$ 67,581**	**$ 912,345**

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 2011, the Authority credited $1,338,267 of applicable revenue received from wharfage and dockage fees collected to the debt service account.

Table 7:

Operating Leases

The Authority leases to others certain land and improvements. These leases are classified as operating leases in accordance with the criteria of Statement of Financial Accounting Standards (SFAS) No. 13. As of December 31, 2011, 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	
2012	$ 5,544,907
2013	4,752,243
2014	3,740,668
2015	3,021,042
2016	1,818,669
Thereafter	17,559,550
Total	**$ 36,437,079**

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Financial Performance Indicators
Last Ten Years

Table 8:

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenues (OR)	$ 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	$ 58,698,961
Operating Expenses (OE) *	(20,298,367)	(22,047,186)	(23,568,049)	(26,500,198)	(29,145,654)	(33,913,508)	(34,850,477)	(35,727,525)	(35,187,721)	(36,591,098)
Net Operating Income (NOI)	4,862,632	4,832,627	4,803,248	6,231,694	6,890,757	11,015,949	16,200,716	10,698,365	17,092,131	22,107,863
Non-Operating Revenues	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	4,369,477
Non-Operating Expenses	(734,977)	(977,117)	(821,270)	(775,933)	(754,464)	(668,616)	(1,183,988)	(524,765)	(469,988)	(392,699)
Net Income "A" (NI"A")	5,678,462	5,078,409	6,341,677	6,678,949	7,405,990	11,577,657	16,233,223	10,783,285	17,387,065	26,084,641
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)	(13,381,562)
Net Income (Loss) "B" (NI"B")	$ 394,090	$ (338,706)	$ 828,021	$ 536,894	$ 278,543	$ 3,135,017	$ 6,584,584	$ 722,640	$ 5,221,951	$ 12,703,079
Net Capital Assets (NCA) **	$ 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	$ 308,029,828
Total Assets (TA)	$ 196,391,543	$ 197,115,656	$ 212,289,063	$ 242,045,429	$ 252,168,291	$ 258,145,439	$ 263,271,819	$ 265,643,291	$ 382,785,615	$ 398,726,746
Operating Indicators:										
Operating ROI (NOI/NCA)	3.33%	3.37%	3.43%	3.98%	3.92%	6.35%	7.41%	4.95%	5.51%	7.18%
Operating Margin (NOI/OR)	19.33%	17.98%	16.93%	19.04%	19.12%	24.52%	31.73%	23.04%	32.69%	37.66%
Operating Ratio (OE/OR)	80.67%	82.02%	83.07%	80.96%	80.88%	75.48%	68.27%	76.96%	67.31%	62.34%
Other ROI Indicators:										
ROI "A" (NI"A"/TA)	2.89%	2.58%	2.99%	2.76%	2.94%	4.48%	6.17%	4.06%	4.54%	6.54%
ROI "B" (NI"B"/TA)	0.20%	-0.17%	0.39%	0.22%	0.11%	1.21%	2.50%	0.27%	1.36%	3.19%

* - Excludes Depreciation
** - Excludes Construction in Progress

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Debt Service Requirements
December 31, 2011

Table 9:

Year	Series 2002-A Bonds			Series 2002-B Bonds			
Ending	Principal	Interest	Total	Principal	Interest	Total	Grand Total
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
	$ 4,145,000	**$ 648,925**	**$ 4,793,925**	**$ 3,105,000**	**$ 457,370**	**$ 3,562,370**	**$ 8,356,295**

Average **$ 1,671,259**

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 618 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 Authority has elected the Annually Determined Contribution Rate plan provisions of the TCDRS Act, and under this Act the contribution rate is actuarially determined annually. The actuarially determined rate for 2011 was 7.33 percent, however the governing body of the Authority adopted the rate of 11 percent and the contribution rate for employees of 7 percent. Contributions made by the Authority in excess of the actuarially determined rate are classified as net pension asset. Employee and Authority contributions were $737,217 and $1,158,484, respectively for the year ended December 31, 2011. Both the employees and the Authority make monthly contributions.

Annual Pension Cost and Net Pension Obligation

The Authority's annual pension costs were $771,971 and the actual contributions for its employees were $1,158,484. Three-year trend information is as follows:

Years Ended December 31,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2011	$ 771,971	100.00%	$ -
2010	$ 959,095	100.00%	$ -
2009	935,773	100.00%	$ -

Table 10 *(Continued):*

The latest actuarial valuation for the Authority employees was completed as of December 31, 2010. 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%
Cost of Living Adjustment	0.0%
Amortization Method:	
Unfunded Actuarial Accrued Liability	Level percentage of payroll, closed
Remaining Amortization Period:	
Unfunded Actuarial Accrued Liability	6.7 years

Schedule of Funding

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

Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded	Funded Ratio	Annual Covered Payroll	Percentage of Covered Payroll
2010	$ 21,744,295	$ 26,372,629	$ 4,628,334	82.45%	$ 11,840,675	39.09%
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%

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Current Investments
December 31, 2011

Table 11:

The Authority's investments at December 31, 2011, are shown below:

	Carrying Value	Fair Value	Category
Investments:			
Certificates of Deposit	$ 5,535,450	$ 5,535,450	1
Total investments	**$ 5,535,450**	**$ 5,535,450**	
Temporary investments shown as cash equivalents:			
Local government pool-TEXPOOL	$ 28,764,942	$ 28,764,942	Pooled
Total temporary investments shown as cash equivalents	**$ 28,764,942**	**$ 28,764,942**	

PORTCORPUSCHRISTI

Signing of Collaboration Agreement with Panama Canal Authority

SINGLE AUDIT SECTION

PORT CORPUS CHRISTI

COLLIER, JOHNSON & WOODS, P.C.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

March 30, 2012

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

We have audited the basic financial statements of the Port of Corpus Christi Authority, as of and for the year ended December 31, 2011, and have issued our report thereon dated March 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 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 solely for the information and use of Port Commissioners, management, and 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.

Collier, Johnson & Woods

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB IRCULAR A-133

March 30, 2012

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

Compliance

We have audited the Port of Corpus Christi Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. 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 its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major 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 solely for the information and use of the Port Commissioners, management, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Collier, Johnson & Woods

PORT OF CORPUS CHRISTI AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2011

I. Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Port of Corpus Christi Authority.

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."

3. No instances of noncompliance material to the financial statements of the Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133."

5. The auditor's report on compliance for the major Federal award programs for the Authority expresses an unqualified opinion on all major programs.

6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.

7. The programs tested as major programs included:

   U.S. Department of Transportation – Passed Through Texas State Department of Transportation
   Federal Aid Highway Program (CFDA – 20.205)

   U.S. Department of Homeland Security
   Port Security Grant (CFDA – 97.056)
   ARRA Port Security Grant (CFDA – 97.116)

   U.S. Environmental Protection Agency
   National Clean Diesel Emissions Reduction Program (CFDA – 66.039)

8. The dollar threshold for distinguishing Type A and Type B programs was $300,000.

9. The Port was determined to be a low-risk auditee.

II. Findings Related to the Financial Statements - None

III. Findings and questioned cost for Federal awards - None

PORT OF CORPUS CHRISTI AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2011

The audit disclosed no findings required to be reported.

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF FEDERAL EXPENDITURES OF AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Program Title	CFDA Number	Grant Number	Expenditures
Federal Assistance			
U.S. Environmental Protection Agency			
Direct Programs			
National Clean Diesel Funding Assistance Program	66.039	DE-00F11601-0	$ 606,588
Total U.S. Environmental Protection Agency			606,588
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #6	97.056	2006-GB-T6-0090	2,035,543
Port Security Grant #7	97.056	2007-GB-T7-0033	1,357,083
Port Security Grant #7 Supplemental	97.056	2007-GB-T7-K038	905,917
Port Security Grant #8	97.056	2008-GB-T8-K129	135,029
Port Security Grant #9	97.056	2009-PU-T9-K049	19,501
ARRA Port Security Grant	97.116	2009-PU-R1-0173	2,209
Total U.S. Department of Homeland Security			4,455,282
U.S. Department of Transportation			
Passed through Texas State Department of Transportation			
ARRA Joe Fulton International Trade Corridor	20.205	CSJ0916-35-156	510,370
Total U.S. Department of Transportation			510,370
Total Federal and passed through assistance			$ 5,572,240

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, 2011

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

85 YEARS OF BUILDING SOUTH TEXAS

PORT CORPUS CHRISTI 85 1926 2011 ANNIVERSARY