

# PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Comprehensive Annual Financial Report  
For the Years Ended December 31, 2014 and 2013



**PORTCORPUS CHRISTI™**





**Port Corpus Christi docks active**

**in the record breaking year!**

# **Comprehensive Annual Financial Report**

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

**For the Years Ended December 31, 2014 and 2013**

**Prepared by the Finance Department**

**Dennis J. DeVries**  
*Director of Finance*







**Petroleum**  
**84,383,180**  
**SHORT TONS**

# INTRODUCTORY SECTION



**PORT CORPUS CHRISTI™**





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# PORTCORPUSCHRISTI

March 31, 2015

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, 2014.

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

Collier, Johnson and Woods, P. C., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Port of Corpus Christi Authority of Nueces County, Texas (Authority)’s financial statements for the year ended December 31, 2014. The independent auditor’s report is located at the front of the financial section of this report.

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

## **PROFILE OF THE GOVERNMENT**

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

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

A Port Commission composed of seven commissioners, who serve without pay, governs the Authority. Each commissioner serves a staggered term of three years with appointments made to the Commission each year. Three commissioners are appointed by the Corpus Christi City Council, the governing body of the City of Corpus Christi; three commissioners are appointed by the Nueces County Commissioners Court, the governing body of Nueces County, and one commissioner is appointed by the San Patricio County Commissioners Court, the governing body of San Patricio County. The executive staff, under the leadership of the executive director, manages the operations of the Authority and assists the Commission in planning for the future. Port Commission efforts are directed toward encouraging industrial expansion, attracting new cargo, building and maintaining public terminals, setting operational policy and cooperating with the Federal Government as a local sponsor in maintaining and further improving vital navigation channels.

The Authority owns and operates public wharves, transit sheds, open storage facilities, freight handling facilities and equipment, warehouses, a bulk material handling terminal, and a conference center. The Authority also owns a grain elevator, and cotton warehouses that are leased to third parties. In addition, the Authority leases land, and buildings and improvements, along with maintaining areas for the placement of dredged materials.

The Port of Corpus Christi's docks consist of both Authority owned and privately owned facilities. The Authority owned docks consist of seven general cargo docks, thirteen liquid bulk cargo docks, two bulk material docks, several layberthing areas, two bagging facilities, a shipside grain elevator, cotton storage facilities, and a conference center. All of these facilities are operated for hire on a first-come, first-serve basis, with the exception to the shipside grain elevator, layberth areas, and cotton warehouses that are leased. Most of the privately owned facilities at the Port of Corpus Christi are owned by, and operated exclusively for, the various refineries, chemical plants, crude oil terminals, and other industries that line the Corpus Christi Ship Channel. Approximately forty-four privately owned docks are located at the Port of Corpus Christi, and some of which compete directly with the Authority's docks.

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

### **LOCAL ECONOMY**

The Authority continues to remain financially strong and a primary driver of the local economy. The Authority's sound fiscal management has allowed the Authority to remain financially stable. The Authority is currently ranked as the 5th largest port in the United States in terms of tonnage. The Authority has served the local economy for eighty eight 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 that has contributed to the local area's ability to maintain its "attainment" classification with environmental agencies.

The Authority has adopted a mission statement, which has become an integral part in the development of a strategic plan to guide the Authority. The mission statement is as follows: "It is the mission of the Port of Corpus Christi to leverage commerce to drive prosperity. In pursuit of this mission, the Authority shall be guided by the following basic principles:



(1) the Authority shall protect and enhance the Port's existing industrial base; (2) conduct affairs in a positive and cooperative manner; (3) the Authority shall operate in a fiscally responsible manner; (4) the Authority shall be a positive and proactive force in the protection of the region's marine and water related resources; and (5) the Authority shall be committed to serving the Port's customers, present and future."

Economic development means attracting industrial and commercial activity, private capital and waterborne cargo shipments that will create employment opportunities, sustaining and upgrading existing jobs, introducing new basic dollars to the area and broadening the tax base that supports all public services. The findings from a 2011 Port Economic Impact Study reinforce the Authority's mission statement as being the economic catalyst for the region. Martin Associates of Lancaster, Pennsylvania studied the economic impact of the Authority operations including the Ortiz Center. The previous economic impact study for the Authority was in 2008. Three years later, the 2011 report showed similar increases. In 2008, the Authority created 40,560 jobs, generated \$282.2 million in state and local taxes, and provided \$1.6 billion in business revenue. Today, the Authority creates approximately 66,502 jobs with 13,746 direct jobs generated from marine cargo and vessel activity. The Authority generates an additional 16,767 induced jobs that are the result of purchases by the direct jobs. The remainder of total jobs is comprised of 15,607 indirect jobs supported by the local purchases of businesses supplying services or dependent upon the Authority and 20,382 related user jobs from shippers and consignees. The 66,502 jobs provided \$4.0 billion in personal income for families throughout the Coastal Bend. Authority operations generated \$13.1 billion in revenue for businesses providing services to the Authority and port industries, and the Ortiz Center. More than \$314.9 million was paid in state and local taxes due to the activity created by the Authority. The Authority remains an economic force via its ability to provide the commercial shippers with first class channels, docks and facilities for handling their cargo, and by providing public facilities designed to attract more tourist dollars to the area while maintaining financial stability. Ultimately, our goal is to raise the standard of living and enhance the quality of life for everyone in the local surrounding region.

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

The Authority has a number of major projects that will require significant funding in the future. These projects will be funded from federal and state assistance, and the Authority's unrestricted net position of \$161 million.

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

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

channel extension was completed in late 2013. In 2014 the Port deepened the extension to a depth of 45' deep and the COE agreed to assume the channel maintenance. The channel improvement project was re-authorized in May 2014 by the Water Resources Reform and Development Act of 2014, and contracts to deepen and widen the Corpus Christi Ship Channel and to add barge shelves are pending appropriation of funding.

### ***La Quinta Multi-Purpose Facility***

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

In mid 2013, the Authority secured an anchor tenant on a major portion of the La Quinta property site with the signing of a lease agreement with Austrian steelmaker, voestalpine Texas Holding, LLC, for approximately 470 acres. Voestalpine's initial construction phase consists of a hot briquetted iron facility (HBI) which will include a 1,000-foot long dock facility along the recently constructed La Quinta Channel extension. The HBI plant is under construction and planned to be operational in 2015 and will employ approximately 150 people.

### ***Nueces River Rail Yard***

As part of the Authority's north side rail master plan, the Viola Channel site was identified as the best location to construct a new rail yard. This rail yard will become the main rail exchange for the three Class I railroads serving the Authority. The Authority purchased approximately 36 acres at the western end of the harbor for this purpose. This project consists of two phases. Phase I includes a 9,800-foot long unit train siding and four additional 4,000-foot parallel tracks providing storage for 223 railcars. The total cost of Phase I is approximately \$19 million, and construction will be complete in 2015. Funding is being provided by a \$10 million United States Department of Transportation TIGER grant and Authority cash reserves, with half of the Authority's funding being recovered from the railroads through a special surcharge. Phase II calls for extending four of the tracks under Phase I to full unit train sidings and constructing four additional unit train sidings. The total cost of Phase II is approximately \$28 million, with \$22 million in funding from the Texas Department of Transportation and Authority cash reserves. Phase II of the project is under design and permitting, with construction scheduled to begin in 2015 and be complete in early 2017. The new rail yard, once completed, will be capable of more efficiently handling the increased number of unit trains and cars loading and unloading cargoes at the Authority.

## **MAJOR INITIATIVES - 2014**

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

Through the Authority's Environmental Management System (EMS), the Authority has remained proactive in its efforts to not only promote economic growth but at the same time be good stewards of the environment in its daily operations. The Authority's program is in its eighth year of ISO 14001 certification and its tenth year of implementation. Each year, the program undergoes a detailed external audit to maintain its ISO 14001 certification. The EMS program is driven by a team of Authority employees from the various operational areas with the full support of management. During the past nine years, the program has identified numerous significant aspects impacting the environment such as spills, electrical consumption,



storm water runoff, water consumption, and air emissions. Environmental Management Programs are established to reduce the environmental impact and to help reduce the Authority's environmental footprint. Targets for reductions or improvements are also set. In 2014, the Authority reduced the number of spills that occurred by 75% since 2010, purchased 10% of its total electricity from green energy sources and reduced overall electrical consumption by 60% since 2012. The Authority has maintained a very successful recycling program that has recycled over 444,475 pounds of material, along with 15,268 gallons of material that would have otherwise gone as waste to a landfill.

### ***Wind Energy***

American wind farms currently provide enough power for more than 18 million typical homes. Wind installations in Texas led the way in 2014 with over 1,800 MW of new capacity, for total US installations in 2014 at 4,854 MW and to-date installations at 65,879 MW. The Port of Corpus Christi established its mark in 2007 as an essential transportation variable for this renewable industry and stood ready for its import/export rebound in 2014. The task to provide optimum facilities and staging areas to worldwide project cargo customers was enhanced in 2014 with the development of an additional lay-down site. This seemingly small contribution was immediately welcomed and sought after by the wind industry as manufacturers rush to stay ahead of on-time deliveries to job sites nationwide. The Authority's access to docks, staging areas, rail and uncongested highway systems offers the necessary transportation modes to assure short or long-term deliveries for all types of cargo, including wind components. In the meantime, efforts are constantly made by the industry to allow for a Production Tax Credit (PTC) multi-year extension, therefore lessening the threat of another lapse in wind energy production as seen in 2013. Wind-rich Texas leads the nation with over 1,000 MW of wind capacity in advanced development or under construction. The Port strives to maintain its established position within this renewable energy industry as the "Wind Port of the Gulf", thus adhering to its vision to be THE energy port of the Americas.

### ***Eagle Ford Shale***

The Eagle Ford Shale (EFS) play in South Texas continues to be a huge economic stimulator for the Region, State and the Nation. By the end of 2014, estimates for overall economic impact of the 21-county area including Nueces and San Patricio Counties topped \$87 billion, up from the projected \$61 billion in 2013 and supported over 155,000 jobs in the region. Although the price of oil has dropped and caused drilling exploration to slow down, the Authority continues to play a vital role as the logistical and distribution center for cargoes used in drilling, fracturing, and pipeline placement. Our proximity to the Gulf Coast with deep draft, allows us to be an ideal solution for oil and gas companies looking to create transloading hubs to import bulk materials and export refined products or to transfer crude oil and condensate to other refineries throughout the U.S. Barite continues to come by bulk vessels from China, Morocco, India and Mexico, while frac sand comes by rail and barge from the upper United States midwest region. The Authority continues to invest in new rail infrastructure and liquid docks to support the current needs and continued growth potential of the Eagle Ford Shale.

### ***Bulk Terminal***

The bulk terminal continues plans for expansion and upgrades that will facilitate more reliable and environmentally sound methods to move bulk materials. The gantry crane on Bulk Dock 1 was outfitted with new DC drives, a programmable logic controller (PLC), and travel motors. At Bulk Dock 2, conveyor covers are being upgraded to full covers over the conveyor belts.

### ***On-going Construction Projects and Marketing Efforts***

Capital expenditures were made in 2014 to deepen the La Quinta Channel extension to 45 foot, for water lines and an access road at the La Quinta facility, to construct the Nueces River Rail Yard, to upgrade the fendering and replace the PLC and drives on the gantry crane at the bulk dock, for improvements to the Authority's rail system, construction of a new public oil dock and barge mooring area, rehabilitation of a dredge placement area, upgrading the fire protection system at the Avery Point oil docks, improvements to the Permian Yard, and Security Grant projects that added surveillance and lighting at the Authority's Nueces River Rail Yard site. All of the security improvements are integrated with a command and control system that ensures that the Authority and its customers are being properly safeguarded.

Several of these major capital projects carried over and are projected to be completed in 2015 including the Nueces River Rail Yard, the new public oil dock and barge mooring area, and the Permian Yard improvements.

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 and seeking new markets. The Business Development Department has the directive to diversify and bring additional cargoes and clients to the Authority. In 2014, the Business Development team continued its efforts to meet with freight forwarders, shipping agents and shipping lines in pursuit of this directive. As a result of their efforts, raw and finished steel products are arriving at the Authority. In addition, two agreements were signed with Palermo Terminal, Colombia and Pharr International Bridge, Pharr, TX. Presentations on the "Liner Service" project to exporters/importers domiciled in a 400 mile radius of the authority were received with positive response. General cargoes such as frac-sand, steel pipes and machinery have also increased. In addition to these efforts, a new entity is constructing a facility at the Rincon Industrial District to handle raw bulk barite and process it for destinations within the Eagle Ford Shale area and beyond.

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

### **AWARDS AND ACKNOWLEDGMENTS**

#### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Corpus Christi Authority of Nueces County, Texas, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. This was the thirty-first consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### *Acknowledgments*

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

Respectfully Submitted,



John P. LaRue

Executive Director



Dennis J. DeVries

Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO



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

**Organization Chart  
December 31, 2014**

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

Executive Director		John P. LaRue
Managing Director		Frank C. Brogan
	Director of Engineering Services	David Krams
	Chief Engineer	David L. Michaelson
	Senior Project Engineer	Dan Koesema
	Senior Engineer/Planner	Brett Flint
	Real Estate Manager	Darrin Aldredge
	Environmental Compliance Manager	Sarah Garza
	Coastal Environment Planning Manager	Paul Carangelo
	Director of Finance	Dennis J. DeVries
	Chief Accountant	Audre Debler
	Accounting Manager	Lynn Angerstein
	IT Manager	Tyler Fuhrken
	Director of Operations	Anthony "Tony" Alejandro
	Deputy Director of Operations	John Pasch
	Harbormaster	Ray Harrison
	Manager of Bulk Terminal	Richard "Eric" Battersby
	Manager of Dock and Rail Operations	John Slubar
	Manager of Foreign Trade Zone	Sonya Lopez-Sosa
	Maintenance Manager	David Villarreal
	Safety Manager	Angela Leyva
	Chief of Port Security	Tom Mylett
	Police Captain	Eric Giannamore
	Director of Business Development	Ruben C. Medina
	General Cargo & Tariff Manager	Maggie Iglesias-Turner
	General Cargo & Information Representative	Eddie Martinez
	Director of Human Resources	Sandra Terrell-Davis
	Human Resource Manager	Monica Euresti
	Director of Communications	Patricia Cardenas
	Media Specialist	Jesse Samu
	Marketing & Public Relations Coordinator	Liz Cantu
	Director of Government Affairs	Nelda Olivo

## **PORT COMMISSIONERS**

**Judy Hawley, Chairman**

**Richard M. Borchard, Vice-Chairman**

**Charles W. Zahn, Jr., Secretary**

**Al Jones, Commissioner**

**Barbara Canales, Commissioner**

**David Engel, Commissioner**

**Richard Valls, Jr., Commissioner**

## **EXECUTIVE STAFF**

**John P. LaRue, Executive Director**

**Frank C. Brogan, Managing Director**

**Ruben C. Medina, Director of Business Development**

**Patricia Cardenas, Director of Communications**


**David Krams, Director of Engineering Services**

**Dennis J. DeVries, Director of Finance**

**Nelda Olivo, Director of Government Affairs**

**Sandra Terrell-Davis, Director of Human Resources**

**Anthony "Tony" Alejandro, Director of Operations**



**Dry Bulk**  
**8,651,138**  
**SHORT TONS**

# FINANCIAL SECTION



**PORT CORPUS CHRISTI™**







# COLLIER, JOHNSON & WOODS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

555 N. Carancahua Suite 1000  
Corpus Christi, Texas 78401-0839  
361-884-9347 • Fax 361-884-9422  
www.cjw-cpa.com

## INDEPENDENT AUDITOR'S REPORT

March 31, 2015

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Port of Corpus Christi Authority as of for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Corpus Christi Authority as of December 31, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and other required supplementary information on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Corpus Christi Authority's basic financial statements. The introductory section, supplemental schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal financial awards, pages 67 and 68, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

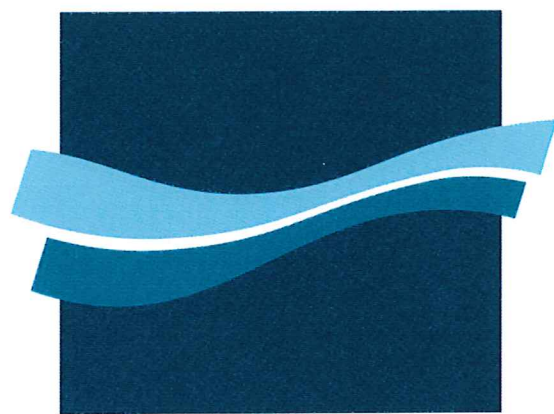
The supplemental schedules and the schedule of federal expenditures of awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing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

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Collier, Johnson & Woods*



PORT**CORPUSCHRISTI**



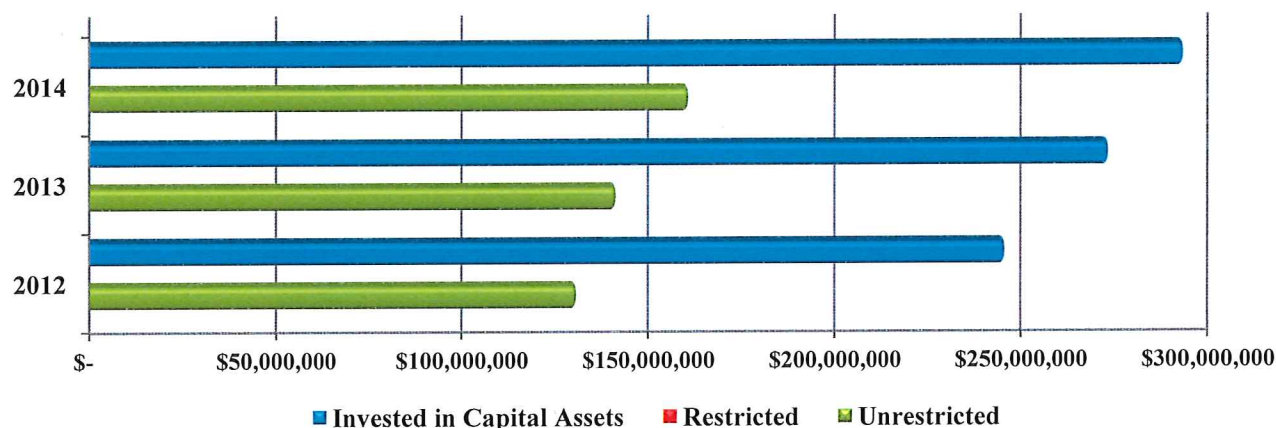
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**PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS  
Management's Discussion and Analysis  
December 31, 2014**

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As management of the Port of Corpus Christi of Nueces County, Texas (Authority), we offer readers as an introduction to the Authority's financial statements, this narrative overview and analysis of the Authority's activities and financial performance for the years ended December 31, 2014 and 2013. 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 position of the Authority at December 31, 2014 was \$454,291,182. Of this amount, \$160,793,708 is considered unrestricted net position, and may be used to meet the Authority's current ongoing obligations to employees and creditors.
- The net investment in capital assets increased \$20,063,901 from the prior year while the unrestricted net position increased \$19,392,821 over the prior year. The increase is due mainly to capital additions of \$32 million made in 2014, less depreciation recorded of \$12.3 million. All additions were funded with revenues generated by the Authority and no increase in long term debt.
- The Authority's total net position increased \$39,459,561 or 9.5% over the prior year. Income before contributions produced an increase in net position of \$30,802,200, while capital contributions provided an increase of \$8,657,361.

**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 15 through 33 of this report. Since the Authority is comprised of a single enterprise fund, no fund level financial statements are shown. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Basic Financial Statements**

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

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

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

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

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

**Other Information**

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements found on page 34 of this report.

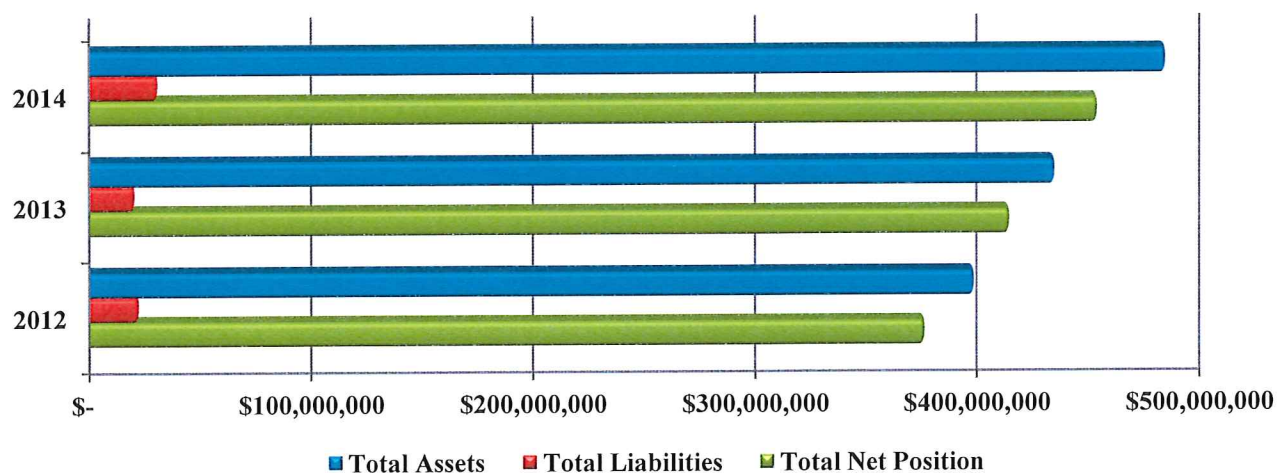
**FINANCIAL ANALYSIS**

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

**Statement of Net Position**

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

The following condensed Statement of Net Position provides an overview of the Authority's net position as of December 31, 2014, 2013 and 2012:



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	2014	2013	2012	2014-13 Change	2013-12 Change
<b>Assets</b>					
Current assets	\$ 175,018,994	\$ 145,258,912	\$ 136,417,205	\$ 29,760,082	\$ 8,841,707
Restricted assets	35,522	32,683	252,763	2,839	(220,080)
Capital assets	302,580,238	282,973,377	255,697,974	19,606,861	27,275,403
Other non-current assets	7,439,501	6,970,384	6,472,489	469,117	497,895
<b>Total Assets</b>	<b>485,074,255</b>	<b>435,235,356</b>	<b>398,840,431</b>	<b>49,838,899</b>	<b>36,394,925</b>
<b>Liabilities</b>					
Current liabilities	16,185,862	7,347,825	9,458,054	8,838,037	(2,110,229)
Long-term debt, net of current portion	-	-	-	-	-
Unearned revenue, net of current portion	11,424,330	10,395,824	10,228,398	1,028,506	167,426
Other liabilities	3,172,881	2,660,086	2,540,427	512,795	119,659
<b>Total Liabilities</b>	<b>30,783,073</b>	<b>20,403,735</b>	<b>22,226,879</b>	<b>10,379,338</b>	<b>(1,823,144)</b>
<b>Net Position</b>					
Net investment in capital assets	293,461,952	273,398,051	245,665,607	20,063,901	27,732,444
Restricted	35,522	32,683	252,763	2,839	(220,080)
Unrestricted	160,793,708	141,400,887	130,695,182	19,392,821	10,705,705
<b>Total Net Position</b>	<b>\$ 454,291,182</b>	<b>\$ 414,831,621</b>	<b>\$ 376,613,552</b>	<b>\$ 39,459,561</b>	<b>\$ 38,218,069</b>

**2014 – 2013**

The Authority's net position of \$454,291,182 at the close of 2014 increased by \$39,459,561 over 2013. By far, the largest portion of the Authority's net position (64.6%) reflects its net investment in capital assets. The Authority uses these capital assets to provide services to its customers and consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position (35.4%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position represents resources that are subject to external legal restrictions on how they may be used.

**2013 – 2012**

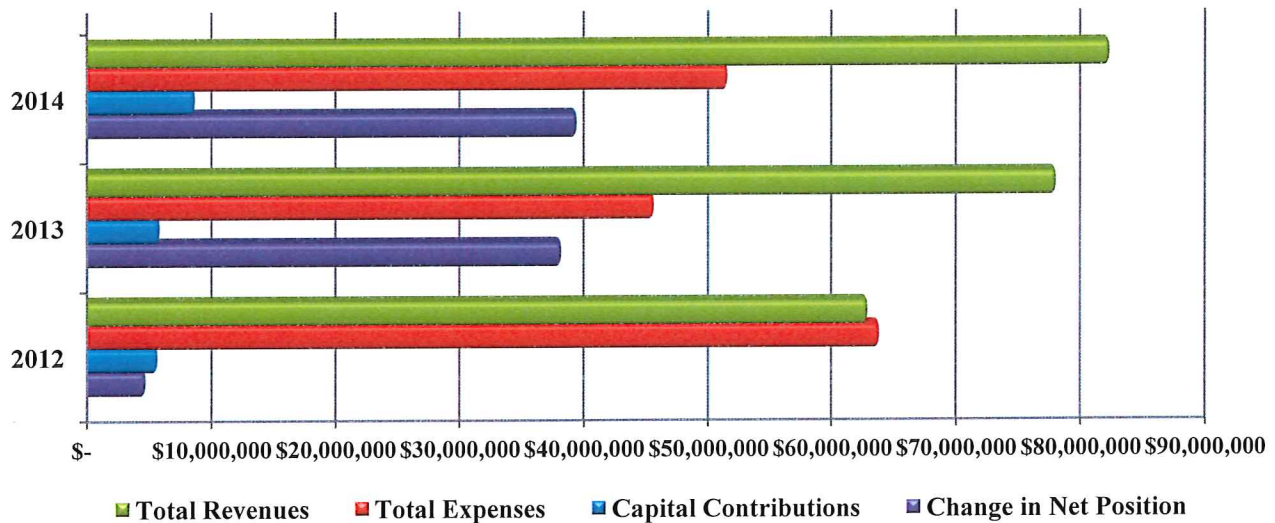
The Authority's net position of \$414,831,621 at the close of 2013 increased by \$38,218,069 over 2012. By far, the largest portion of the Authority's net position (65.9%) reflects its net investment in capital assets. The Authority uses these capital assets to provide services to its customers and consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position (34.1%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position represents resources that are subject to external legal restrictions on how they may be used.

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

The Statements of Revenues, Expenses, and Change in Net Position serve as a measure to determine how successful the Authority was during the past year in recovering its costs through its user fees and other charges, as well as to its profitability and credit worthiness. The following Statements of Revenues, Expenses, and Change in Net Position summarize the operations of the Authority for the years ended December 31, 2014, 2013 and 2012:



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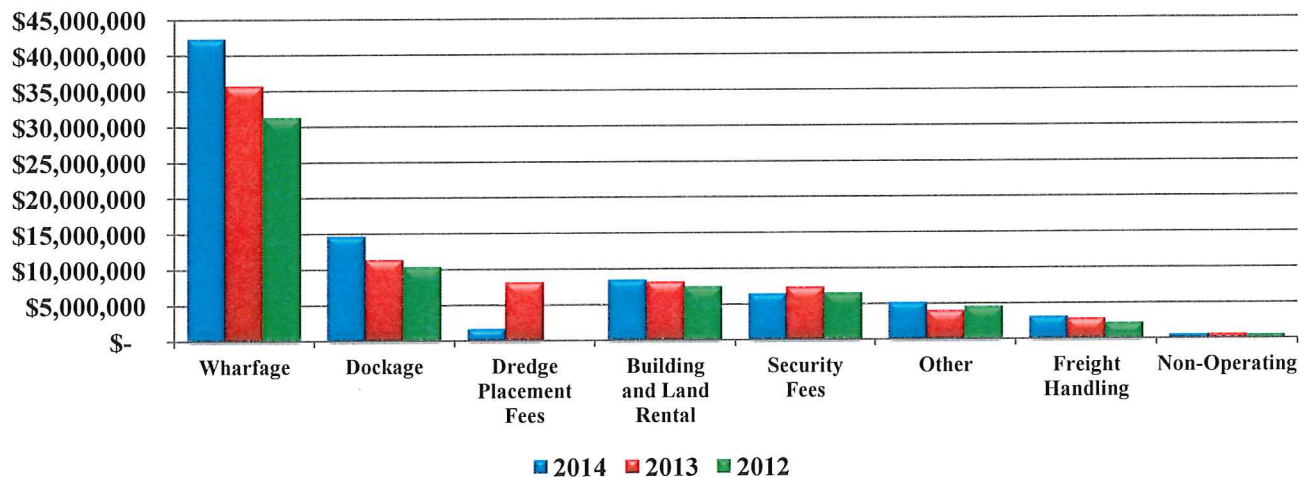


	2014	2013	2012	2014-13 Variance	2013-12 Variance
<b>Revenues</b>					
Operating revenues:					
Wharfage	\$ 42,288,896	\$ 35,688,217	\$ 31,293,692	\$ 6,600,679	\$ 4,394,525
Dockage	14,630,404	11,358,813	10,331,997	3,271,591	1,026,816
Security fees	6,460,860	7,325,584	6,528,526	(864,724)	797,058
Freight handling	3,133,303	2,815,582	2,191,682	317,721	623,900
Rail Charges	893,900	1,026,819	1,151,977	(132,919)	(125,158)
Building and land rentals	8,456,174	8,152,093	7,490,936	304,081	661,157
Conference center services	1,864,556	1,688,770	2,008,474	175,786	(319,704)
FTZ user fees	222,500	253,917	301,250	(31,417)	(47,333)
Dredge placement fees	1,669,714	8,153,771	(36,629)	(6,484,057)	8,190,400
Other	2,189,138	1,004,387	1,170,509	1,184,751	(166,122)
<b>Total operating revenues</b>	<b>81,809,445</b>	<b>77,467,953</b>	<b>62,432,414</b>	<b>4,341,492</b>	<b>15,035,539</b>
Investment income	341,754	283,544	163,804	58,210	119,740
Federal and other grant assistance	180,655	290,727	337,965	(110,072)	(47,238)
Gain on disposal of assets	40,596	-	-	40,596	-
<b>Total Revenues</b>	<b>82,372,450</b>	<b>78,042,224</b>	<b>62,934,183</b>	<b>4,330,226</b>	<b>15,108,041</b>
<b>Expenses</b>					
Operating expenses:					
Maintenance and operations	23,367,865	18,144,056	22,721,681	5,223,809	(4,577,625)
General and administrative	15,891,293	15,378,025	17,835,428	513,268	(2,457,403)
Depreciation	12,310,557	12,024,981	13,738,571	285,576	(1,713,590)
<b>Total operating expenses</b>	<b>51,569,715</b>	<b>45,547,062</b>	<b>54,295,680</b>	<b>6,022,653</b>	<b>(8,748,618)</b>
Interest expense and fiscal charges	535	16,986	(51,908)	(16,451)	68,894
Fiscal payments to subrecipients	-	-	128,730	-	(128,730)
Loss on disposal of assets	-	102,957	9,517,670	(102,957)	(9,414,713)
<b>Total Expenses</b>	<b>51,570,250</b>	<b>45,667,005</b>	<b>63,890,172</b>	<b>5,903,245</b>	<b>(18,223,167)</b>
<b>Income Before Contributions</b>	<b>30,802,200</b>	<b>32,375,219</b>	<b>(955,989)</b>	<b>(1,573,019)</b>	<b>33,331,208</b>
Capital Contributions	8,657,361	5,842,850	5,663,315	2,814,511	179,535
Changes in Net Position	39,459,561	38,218,069	4,707,326	1,241,492	33,510,743
Total Net Position, Beginning of Year	414,831,621	376,613,552	371,906,226	38,218,069	4,707,326
<b>Total Net Position, End of Year</b>	<b>\$ 454,291,182</b>	<b>\$ 414,831,621</b>	<b>\$ 376,613,552</b>	<b>\$ 39,459,561</b>	<b>\$ 38,218,069</b>



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**Revenues**



**2014 – 2013**

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

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

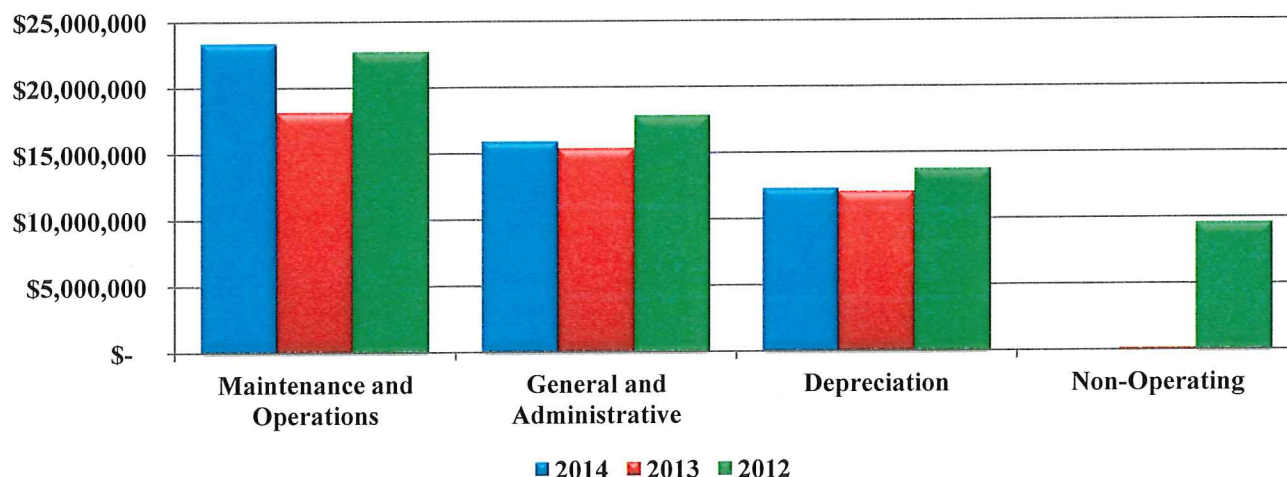
Other revenues have increased \$1.2 million over 2013 due to the collection of previously unbilled charges for the movement by rail of pet coke by a customer at the Authority's bulk docks for the years of 2006 through 2013.

**2013 – 2012**

Operating revenues in 2013 increased by \$15,035,539 or 24.1% over 2012. The largest single component of the increase was in dredge placement revenues which increased \$8.2 million in 2013. This revenue is generated from depletion charges for the deposit of dredge materials into the Authority's dredge placement areas. The remainder of the increase is due in some part to the Eagle Ford Shale formation, one of the largest oil and gas developments in the world, which has had a major impact on the local economy. Wharfage is up \$4.4 million over 2012, and the majority of this was at the Authority's oil docks (\$3.6 million) and the private oil docks (\$673 thousand). Dockage revenues have increased \$1 million over the prior year and the majority of this increase, \$752 thousand, has also been at the Authority's oil docks. Building and land rentals have increased \$661 thousand over 2012. Interest in the Authority's La Quinta Trade Gateway has led to two new tenants and an increase in rental revenue of \$1.2 million over 2012. The anticipated export of coal which led to new leases in 2012 did not occur and the Bulk Terminal saw a downturn in lease revenues of \$237 thousand as a result.

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Expenses



**2014 – 2013**

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

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

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

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

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

**2013 – 2012**

Operating expenses in 2013 decreased \$8,748,618 or 16.1% from 2012. The major cost decreases are as follows:

● Professional services	\$ (3,894,968)
● Maintenance	(1,195,670)
● Depreciation	(1,713,590)
● Utilities	(854,497)

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Professional services decreased from 2012 due to a decrease in legal services of \$758 thousand that were incurred from the sale of Naval Station Ingleside (NSI) in 2012. In addition to the legal fees incurred in 2012, a \$3.5 million settlement was made to an unsuccessful buyer of NSI who was unable to produce the down payment in compliance with contract terms. Maintenance expenses have decreased from 2012 due in part to the sale of NSI which incurred \$178 thousand in maintenance costs in 2012, and maintenance dredging expenses for the inner harbor docks of \$858 thousand that were incurred in 2012. The capital assets of NSI had depreciation of \$2.5 million in 2012 before the sale. Although significant capital additions were made in 2013, this has led to an overall decrease in depreciation. The sale of NSI has also led to the decrease in utility costs. In 2012, NSI incurred utility costs of \$902 thousand that were not incurred in 2013.

**Capital Grants and Contributions**

**2014 – 2013**

Capital grants and contributions increased by \$2,814,511 over 2013. The Authority is the recipient of a number of federal and state grants from a variety of programs. These grant funds are recorded on the basis of project expenditures made. As projects are advanced and expenditures incurred, grant funds are requested on a reimbursement basis and then recognized. Major capital grants and contributions at December 31, 2014 include the following:

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

**2013 – 2012**

Capital grants and contributions increased by \$179,535 over 2012. 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, 2013 include the following:

● Security Enhancements	\$ 4,743,062
● National Infrastructure Investments	729,983
● Shoreline Protection for Pelican Island	369,805

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

**2014 – 2013**

The Authority's investment in capital assets as of December 31, 2014, amounts to \$302,580,238 (net of accumulated depreciation). This investment in capital assets includes port facilities, elevator and bulk terminal facilities, machinery and equipment, property and buildings, furniture and equipment, intangibles and construction in progress. This amount represents a net increase (additions net of retirements and depreciation) of \$19,606,861 or 6.9%. Additional information regarding the Authority's capital assets can be found in Note 3 to the financial statements on pages 25.

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Major capital asset additions during 2014 include the following:

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

**2013 – 2012**

The Authority's investment in capital assets as of December 31, 2013, amounts to \$282,973,377 (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 \$27,275,403 or 10.7%. Additional information regarding the Authority's capital assets can be found in Note 3 to the financial statements on pages 25.

Major capital asset additions during 2013 include the following:

● Purchase of land-Inner Harbor	\$ 13,767,801
● Joe Fulton International Corridor Phase II	10,714,128
● Security Enhancements	9,554,822
● Improvements to the Oil Docks	6,104,836

	2014	2013	2012	2014-13 Change	2013-12 Change
<b>Capital assets, not being depreciated:</b>					
Land	\$ 49,341,287	\$ 46,663,231	\$ 31,804,029	\$ 2,678,056	\$ 14,859,202
Channel & waterfront improvements	19,308,770	19,308,770	18,868,431	-	440,339
Intangibles	377,429	377,429	50,000	-	327,429
Construction in progress	60,764,538	46,032,175	50,448,505	14,732,363	(4,416,330)
	129,792,024	112,381,605	101,170,965	17,410,419	11,210,640
<b>Capital assets, being depreciated:</b>					
Port facilities	100,377,792	98,437,095	86,869,005	1,940,697	11,568,090
Buildings & improvements	52,123,240	49,702,770	47,709,245	2,420,470	1,993,525
Machinery and equipment	19,739,027	21,800,243	19,819,133	(2,061,216)	1,981,110
Intangibles	548,155	651,664	129,626	(103,509)	522,038
	172,788,214	170,591,772	154,527,009	2,196,442	16,064,763
<b>Net Capital Assets</b>	<b>\$ 302,580,238</b>	<b>\$ 282,973,377</b>	<b>\$ 255,697,974</b>	<b>\$ 19,606,861</b>	<b>\$ 27,275,403</b>

**ECONOMIC OUTLOOK**

The Authority along with the local region continues to experience the effects from the impact of the Eagle Ford Shale oil and gas boom, and has felt the full effects though significant growth in the movement of outbound crude oil over both its public and private oil docks, along with increases in both wharfage and dockage revenues. The Authority has become the gateway of choice for Eagle Ford oil and gas production, and this trend is anticipated to continue, with the nearby Eagle Ford shale formation holding estimated reserves of as many as 15 billion barrels of oil and natural gas liquids, plus some 150 trillion cubic feet of natural gas.



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Private industry, as well as the Authority, are investing in infrastructure in the Inner Harbor to accommodate the increasing movement of crude from the Eagle Ford Shale reserves.

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

NuStar Energy completed construction in February, 2014 of a new dock project in the Inner Harbor including pipelines to move crude oil from incoming pipelines or tanks within its terminal to the new dock, a state-of-the-art metering system, vapor control system and a dock structure with three loading arms. These new upgrades has allowed NuStar to triple its marine loading capacity to 400,000 barrels per day. The dock project was part of NuStar's \$185 million, multi-phase build-out of the company's South Texas crude oil pipeline.

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

Magellan Midstream Partners LP is to begin a \$250 million project at its terminal in the Inner Harbor to include construction of a condensate splitter, one million barrels of storage, dock improvements, truck rack bays, and connectivity between Magellan's terminal and Trafigura's nearby facility.

The Authority is constructing a main rail interchange yard for the three Class I railroads serving the Port on the north side of the Inner Harbor. The rail project includes a 9,800 foot long unit train siding capable of storing a full 150 car unit train and four parallel ladder tracks for a total yard capacity of 15,400 feet and 223 rail cars. Phase I of the project will be complete in April, 2015 at a cost of \$19 million and was partially funded by a \$10 million federal TIGER grant and revenues from the rail carriers. Phase II of the project will extend the four interchange yard tracks to full unit train siding length and construct four additional unit train sidings at a cost of \$28 million which is partially funded by a \$22 million grant from the Texas Department of Transportation. Phase II is scheduled to be complete in 2017.

M&G Resins USA is beginning construction on a \$1.1 billion dollar polyethylene terephthalate (PET) resin processing plant on its 400 acre site on the Inner Harbor adjacent to the Authority's Nueces River Rail Yard. Construction of the M&G facility will generate over 3,000 jobs. Once operational, the plant will create over 250 jobs with 700 indirect jobs and is anticipated to be the largest facility of its kind in the world. Construction is expected to be complete in 2016.

The Authority partnered with the US Army Corps of Engineers to construct the LaQuinta Channel Extension and Ecosystem Restoration for a total cost of \$41 million. The channel extension was completed in late 2013, and was the first addition to the length of the Corpus Christi Ship Channel system since 1960 and added 1.4 miles to the channel at a depth of 39 feet. The Authority funded the deepening of the channel to 45 feet and the investment in the LaQuinta Channel improvements has been the catalyst for industrial growth in that area, along with the cheap natural gas from the prolific Eagle Ford Shale play.

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

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Austria's Voestalpine Group is investing \$750 million in its 470 acre site at LaQuinta to construct a plant that will convert iron oxide pellets into purer, easier-to-transport hot briquetted iron used in steel production. Construction began in 2014 and the facility is anticipated to be operational in December, 2015. Approximately 800 construction jobs were created, and the new plant will employ 150 full-time staff.

Corpus Christi Liquefaction, LLC, a subsidiary of Cheniere Energy, will begin construction in 2015 on a \$12 billion liquefied natural gas (LNG) export terminal on their 1,000 acre site on the LaQuinta Ship Channel. The project has been designed to be constructed in phases and full operations are expected to commence on or before 2020.

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

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

## **REQUESTS FOR INFORMATION**

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

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**Statement of Net Position  
December 31, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$ 81,306,322	\$ 48,460,360
Investments (Note 2)	74,795,835	83,505,992
Accounts receivable (net of allowance for doubtful accounts of \$300 and \$846,390 for 2014 and 2013, respectively)	13,992,857	10,606,225
Interest receivable	344,509	607,134
Intergovernmental receivable	3,004,378	502,133
Inventory	776,504	740,869
Prepaid expenses	798,589	836,199
<i>Total Current Assets</i>	<u>175,018,994</u>	<u>145,258,912</u>
<b>NON-CURRENT ASSETS:</b>		
<b>RESTRICTED ASSETS:</b>		
Cash and cash equivalents (Note 2)	35,522	32,683
<i>Total Restricted Assets</i>	<u>35,522</u>	<u>32,683</u>
<b>CAPITAL ASSETS:</b>		
Capital assets, not being depreciated (Note 3)	129,792,024	112,381,605
Capital assets, being depreciated, net (Note 3)	172,788,214	170,591,772
<i>Capital Assets, Net</i>	<u>302,580,238</u>	<u>282,973,377</u>
<b>OTHER NON-CURRENT ASSETS:</b>		
Net pension asset (Note 6)	7,439,501	6,970,384
<i>Total Non-Current Assets</i>	<u>7,439,501</u>	<u>6,970,384</u>
<i>Total Non-Current Assets</i>	<u>310,055,261</u>	<u>289,976,444</u>
<b>TOTAL ASSETS</b>	<u>485,074,255</u>	<u>435,235,356</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	7,401,234	4,539,990
Accrued expenses	932,275	687,829
Unearned revenue, current portion (Note 5)	6,407,560	559,765
Unearned capital lease, current portion (Note 5)	457,040	457,040
Compensated absences, current portion (Note 5)	987,753	1,103,201
<i>Total Current Liabilities</i>	<u>16,185,862</u>	<u>7,347,825</u>
<b>NON-CURRENT LIABILITIES:</b>		
Unearned revenue, net of current portion (Note 5)	2,763,084	1,277,538
Unearned capital lease, net of current portion (Note 5)	8,661,246	9,118,286
Compensated absences, net of current portion (Note 5)	2,684,999	2,260,360
Net OPEB obligation (Note 7)	487,882	399,726
<i>Total Non-Current Liabilities</i>	<u>14,597,211</u>	<u>13,055,910</u>
<b>TOTAL LIABILITIES</b>	<u>30,783,073</u>	<u>20,403,735</u>
<b>NET POSITION:</b>		
Net investment in capital assets	293,461,952	273,398,051
Restricted:		
Law enforcement	35,522	32,683
Unrestricted	160,793,708	141,400,887
<b>TOTAL NET POSITION</b>	<u>\$ 454,291,182</u>	<u>\$ 414,831,621</u>

See accompanying notes to financial statements

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

**Statement of Revenues, Expenses  
and Changes in Net Position  
For the Years Ended December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES:</b>		
Wharfage	\$ 42,288,896	\$ 35,688,217
Dockage	14,630,404	11,358,813
Security fees	6,460,860	7,325,584
Freight handling	3,133,303	2,815,582
Rail Charges	893,900	1,026,819
Building and land rentals	8,456,174	8,152,093
Conference center services	1,864,556	1,688,770
FTZ user fees	222,500	253,917
Dredge placement fees	1,669,714	8,153,771
Other	2,189,138	1,004,387
<i>Total Operating Revenues</i>	<u>81,809,445</u>	<u>77,467,953</u>
<b>OPERATING EXPENSES:</b>		
Maintenance and operations	23,367,865	18,144,056
General and administrative	15,891,293	15,378,025
Depreciation	12,310,557	12,024,981
<i>Total Operating Expenses</i>	<u>51,569,715</u>	<u>45,547,062</u>
<i>Operating Income</i>	<u>30,239,730</u>	<u>31,920,891</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Investment income	341,754	283,544
Federal and other grant assistance	180,655	290,727
Gain (loss) on disposal of assets	40,596	(102,957)
Interest expense and fiscal charges	(535)	(16,986)
<i>Net Non-Operating Revenues</i>	<u>562,470</u>	<u>454,328</u>
<i>Income Before Capital Grants and Contributions</i>	<u>30,802,200</u>	<u>32,375,219</u>
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	<u>8,657,361</u>	<u>5,842,850</u>
<i>Change in Net Position</i>	<u>39,459,561</u>	<u>38,218,069</u>
<i>Total Net Position , Beginning of Year</i>	<u>414,831,621</u>	<u>376,613,552</u>
<i>Total Net Position, End of Year</i>	<u><u>\$ 454,291,182</u></u>	<u><u>\$ 414,831,621</u></u>

See accompanying notes to financial statements

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

**Statement of Cash Flows  
For the Years Ended December 31, 2014 and 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 85,605,345	\$ 74,040,602
Cash payments to suppliers for goods & services	(22,980,595)	(18,866,250)
Cash payments to employees for services	(16,125,514)	(14,889,375)
Cash payments to and received from other operating sources	4,268	(550)
<i>Net Cash Provided by Operating Activities</i>	<u>46,503,504</u>	<u>40,284,427</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating grants received	184,677	361,028
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>184,677</u>	<u>361,028</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(29,374,229)	(40,215,139)
Capital grants and contributions	6,148,827	7,679,816
Proceeds from sale of assets	72,004	144,828
Interest payments on capital acquisitions	(518)	(16,969)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(23,153,916)</u>	<u>(32,407,464)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	1,357,676	328,612
Proceeds from sale and maturities of investments	98,054,334	33,203,893
Purchase of investments	(90,097,474)	(116,867,822)
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>9,314,536</u>	<u>(83,335,317)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>32,848,801</u>	<u>(75,097,326)</u>
<i>Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts</i>	<u>48,493,043</u>	<u>123,590,369</u>
<i>Cash and Cash Equivalents at End of Year, Including Restricted Accounts</i>	<u>\$ 81,341,844</u>	<u>\$ 48,493,043</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 30,239,730	\$ 31,920,891
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	12,310,557	12,024,981
Interest expense (non-capital)	(17)	(17)
Changes in assets and liabilities:		
Accounts receivable	(2,992,432)	(2,385,952)
Intergovernmental receivable	2,267	(550)
Inventories	(35,635)	58,946
Prepaid items	37,610	100,103
Net pension asset	(469,117)	(497,895)
Accounts payable	(107,553)	(132,829)
Accrued expenses	244,446	85,830
Unearned revenue	7,333,341	(551,700)
Unearned capital lease revenue	(457,040)	(457,040)
Net OPEB obligation	88,156	125,054
Compensated absences	309,191	(5,395)
<i>Total Adjustments</i>	<u>16,263,774</u>	<u>8,363,536</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 46,503,504</u>	<u>\$ 40,284,427</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>		
Amortization (accretion) of premium/discounts on investments	\$ (697,215)	\$ (647,837)
Change in fair value of investments	(56,082)	(3,649)
Change in accrued interest on investments	(262,625)	606,418
Change in noncapital/capital intergovernmental receivables	2,504,512	(1,907,267)
Gain (loss) on disposal of assets	(40,596)	102,957
Acquisition of capital assets accrued but not paid, net of reimbursements	(2,574,597)	887,064

See accompanying notes to financial statements



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

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

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

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

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

### **REPORTING ENTITY**

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable.

### **COMPONENT UNIT**

The Industrial Development Corporation (IDC) was organized by the Authority under the State of Texas Development Corporation Act of 1979. The IDC is a non-profit corporation that issues industrial development revenue bonds to promote and develop commercial, industrial and manufacturing enterprises and to promote and encourage employment and public welfare. The issuance of any such bonds is adopted by the Board of Directors (Board) of the IDC, and approved by the Texas Economic Development Commission (TEDC) and the Port Commission. Net earnings of the IDC may be distributed to the Authority by action of the Board or upon dissolution of the IDC. The IDC is considered a blended component unit as the Authority has financial accountability. The Board of the IDC is appointed by the Port Commission and it is comprised of four members of the Port Commission and two members of the staff of the Authority, and the Authority is able to impose its will on the IDC. In addition, the Authority's management has operational responsibility of the IDC. The financial statements of the IDC are not material to the financial statements of

the Authority, and have not been included in the basic financial statements. The condensed financial statement information of the IDC follows:

	<b>2014</b>	<b>2013</b>
Total Net Position	\$ 10,423	\$ 9,741
Change in Net Position	\$ 682	\$ 2,595

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

#### **BASIS OF ACCOUNTING**

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

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

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

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

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

#### **CASH AND CASH EQUIVALENTS**

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

### **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, 2013 and 2012.

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**

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

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

### **COMPENSATED ABSENCES**

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

#### **UNEARNED REVENUE**

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

#### **NET POSITION**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

#### **CONCENTRATION OF REVENUES**

The Authority's operating revenues are subject to risk, because of their concentration in the petroleum industry. Seven customers from the petroleum industry made up over 60 percent of the Authority's wharfage and dockage revenue base for 2014, as compared to five customers that made up 58 percent in 2013. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing 84.3 percent of the total cargo tonnage moved through the Authority in 2014, compared to 83.7 percent in 2013.

#### **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.

#### **RECENT ACCOUNTING PRONOUNCEMENTS**

*GASB 69 – Government Combinations and Disposals of Government Operations* – establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations. GASB 69 was implemented in the year ended December 31, 2014 and had no impact on the Authority.

*GASB 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees* – establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). GASB 70 was implemented in the year ended December 31, 2014 and had no impact on the Authority.

#### **FUTURE ACCOUNTING PRONOUNCEMENTS**

*GASB 68 – Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No.27* – revises and establishes new financial reporting requirements for most state and local governments that provide their employees with pension benefits. Statement 68 will require governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. The Authority will implement this statement in fiscal year 2015.

## **2. DEPOSITS AND INVESTMENTS**

At December 31, 2014 the carrying amount of the Authority's demand deposits and cash on hand was \$2,521,568. 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.

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

**Notes to Financial Statements  
December 31, 2014 and 2013**

At December 31, 2013 the carrying amount of the Authority's demand deposits and cash on hand was \$1,213,710. The total bank deposits were covered by federal depository insurance (FDIC) or were secured by collateral held by the Authority's agent in the Authority's name.

The Authority's investments at December 31, 2014 and 2013 carried at fair value were:

Investment Type	2014			2013		
	Fair Value	Weighted Average Maturity (Days)	Credit Risk	Fair Value	Weighted Average Maturity (Days)	Credit Risk
Certificates of Deposit	\$ 490,000	299		\$ 490,000	299	
Money market funds	58,779,153	1		27,247,865	1	
Local government pool	20,041,124	1	AAA	20,031,468	1	AAA
United States agencies	36,072,219	537	AAA	7,000,724	388	AAA
Municipal bonds	38,233,616	179	AAA/AA	76,015,268	205	AAA/AA
Total	153,616,112			130,785,325		
Short-term investments included in cash and cash equivalents	78,820,277			47,279,333		
<b>Equity in Total Investments</b>	<b>\$ 74,795,835</b>			<b>\$ 83,505,992</b>		
Portfolio weighted average maturity		172			141	

**INTEREST RATE RISK**

In order to limit interest and market rate risk from changes in interest rates, the Authority's adopted Investment Policy sets maximum maturity dates for authorized investment types and a maximum dollar-weighted average maturity limit for the portfolio. The maximum stated final maturity of any investment is two years. The dollar-weighted average maturity (WAM) of the total portfolio is restricted to a maximum of one year.

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

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



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

**Notes to Financial Statements  
December 31, 2014 and 2013**

As of December 31, 2013, the portfolio contained two structured notes which would be impacted by interest rate risk as listed in the following table:

Issuer	Par Value	Coupon Rate	Purchase Date	Maturity Date	Call Date	Call Structure	Book Value	Market Value
FHLB	\$ 5,000,000	0.25%	10/17/2013	10/30/2014	04/17/2014	Callable on call date	\$ 5,000,000	\$ 5,001,030
FHLMC	2,000,000	0.51%	08/28/2013	08/28/2015	02/28/2014	Callable quarterly	2,000,000	1,999,694
<b>TOTAL</b>							<b>\$ 7,000,000</b>	<b>\$ 7,000,724</b>

Abbreviations: FHLB Federal Home Loan Bank  
FHLMC Federal Home Loan Mortgage Corporation

**CREDIT RISK**

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

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

By policy and state law repurchase agreements are limited to those with defined termination dates executed with a Texas bank or a primary dealer (as defined by the Federal Reserve). The agreements require an industry standard, written master repurchase agreement and minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. The Policy does not state a maximum maturity for repurchase agreements.

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

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

### **CONCENTRATION OF RISK**

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

		<b>Percent of Portfolio</b>	
		<b>2014</b>	<b>2013</b>
United States Treasury securities	100%	-	-
United States Agency securities	100%	23.48%	5.35%
Depository Certificates of Deposit	80%	0.32%	0.37%
Repurchase Agreements	100%	-	-
Flex Agreements by bond fund	100%	-	-
Local Government Investment Pools	100%	13.05%	15.32%
Percent of pool ownership	10%		
Money Market Mutual Funds	100%	38.26%	20.83%
Percent of fund ownership	10%		
Brokered Certificates of Deposit	10%	-	-
State and Local Debt Obligations	80%	24.89%	58.12%

### **CUSTODIAL CREDIT RISK**

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

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

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**3. CAPITAL ASSETS**

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

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

Capital asset activity for the year ended December 31, 2013 was as follows:

	<b>Beginning Balance</b>	<b>Transfers and Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 31,804,029	\$ 14,859,202	\$ -	\$ 46,663,231
Channel and waterfront improvements	18,868,431	440,339	-	19,308,770
Intangibles	50,000	327,429	-	377,429
Construction in progress	50,448,505	-	4,416,330	46,032,175
Total capital assets, not being depreciated	101,170,965	15,626,970	4,416,330	112,381,605
Capital assets, being depreciated:				
Port facilities	192,925,007	17,049,421	69,205	209,905,223
Buildings and improvements	80,408,457	5,219,321	188,011	85,439,767
Machinery and equipment	41,477,409	5,208,738	1,276,167	45,409,980
Intangibles	1,876,984	639,955	-	2,516,939
Total capital assets, being depreciated	316,687,857	28,117,435	1,533,383	343,271,909
Less: accumulated depreciation for				
Port facilities	106,056,002	5,481,331	69,205	111,468,128
Buildings and improvements	32,699,212	3,225,536	187,751	35,736,997
Machinery and equipment	21,658,276	3,200,197	1,248,736	23,609,737
Intangibles	1,747,358	117,917	-	1,865,275
Total accumulated depreciation	162,160,848	12,024,981	1,505,692	172,680,137
Total capital assets, being depreciated, net	154,527,009	16,092,454	27,691	170,591,772
<b>Total capital assets, net</b>	<b>\$ 255,697,974</b>	<b>\$ 31,719,424</b>	<b>\$ 4,444,021</b>	<b>\$ 282,973,377</b>

#### **4. LEASES**

##### **OPERATING LEASES**

The Authority leases to others certain land and improvements, and these leases are classified as operating leases. As of December 31, 2014, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

<b>Years Ending</b>	
2015	\$ 7,970,438
2016	6,780,593
2017	5,429,021
2018	4,302,997
2019	3,785,225
Thereafter	62,300,502
<b>Total</b>	<b>\$ 90,568,776</b>

As of December 31, 2014, \$4,275,308 had been received in advance payments for operating leases and has been recorded as unearned revenue. As of December 31, 2013, \$1,602,213 had been received in advance payments for operating leases and has been recorded as unearned revenue.

#### **5. NON-CURRENT LIABILITIES**

##### **UNEARNED REVENUES**

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

<b>Years Ending</b>	<b>Dredge Placement</b>	<b>Operating Leases</b>	<b>Foreign Trade Zone</b>	<b>Totals</b>
2015	\$ 4,715,336	\$ 1,512,224	\$ 180,000	\$ 6,407,560
2016	-	661,705	-	\$ 661,705
2017	-	659,540	-	\$ 659,540
2018	-	330,383	-	\$ 330,383
2019	-	160,346	-	\$ 160,346
Thereafter	-	951,110	-	\$ 951,110
<b>Total</b>	<b>\$ 4,715,336</b>	<b>\$ 4,275,308</b>	<b>\$ 180,000</b>	<b>\$ 9,170,644</b>

##### **UNEARNED CAPITAL LEASE**

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

<b>Years Ending</b>	
2015	\$ 457,040
2016	457,040
2017	457,040
2018	457,040
2019	457,040
Thereafter	6,833,086
<b>Total</b>	<b>\$ 9,118,286</b>



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**COMPENSATED ABSENCES**

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

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

A statement of changes in compensated absences for the year ended December 31, 2013, is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Vacation	\$ 1,001,590	\$ 702,841	\$ 676,824	\$ 1,027,607	\$ 676,824
Sickleave	2,287,026	475,305	426,377	2,335,954	426,377
<b>Total</b>	<b>\$ 3,288,616</b>	<b>\$ 1,178,146</b>	<b>\$ 1,103,201</b>	<b>\$ 3,363,561</b>	<b>\$ 1,103,201</b>

**OPEB OBLIGATION**

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

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

A statement of changes in OPEB Obligation for the year ended December 31, 2013, is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
OPEB Obligation	\$ 274,672	\$ 153,655	\$ 28,601	\$ 399,726	\$ -
<b>Total</b>	<b>\$ 274,672</b>	<b>\$ 153,655</b>	<b>\$ 28,601</b>	<b>\$ 399,726</b>	<b>\$ -</b>

**6. 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 656 defined benefit pension plans which function similarly to cash balance-account plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or is available on their website at [www.tcdrs.org](http://www.tcdrs.org).

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

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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 2014 was 3.43 percent and for the calendar year 2013 was 3.54 percent, however the governing body of the Authority adopted the rate of 7 percent for the calendar year 2014 and 7 percent for the calendar year 2013. 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, 2014 and 2013 is as follows:

	<b>2014</b>	<b>2013</b>
Annual Required Contribution	\$ 405,302	\$ 400,446
Interest on Net Pension Asset	(557,631)	(517,799)
Adjustment to Actuarially Determined Rate	510,359	411,299
Annual Pension Cost	358,030	293,946
Contributions Made	827,147	791,841
Increase in Net Pension Asset	469,117	497,895
Net Pension Asset - Beginning of Year	6,970,384	6,472,489
<b>Net Pension Asset - End of Year</b>	<b>\$ 7,439,501</b>	<b>\$ 6,970,384</b>

The deposit rate payable by all employee members for the calendar year 2014 and 2013 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 \$827,147 and \$827,147, respectively for the year ended December 31, 2014, and \$791,841 and \$791,841, respectively for the year ended December 31, 2013.

**Annual Pension Cost**

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

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

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

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

The required contribution determined as part of the December 31, 2012 actuarial valuation was using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012 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 rate 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 was being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

As of December 31, 2012, the plan was 101.65 percent funded. The actuarial accrued liability for benefits was \$29,044,854, and the actuarial value of assets was \$29,524,708 resulting in an overfunded actuarial accrued liability (UAAL) of \$479,854. The covered payroll (annual payroll of active employees covered by the plan) was \$10,982,221, and the ratio of the UAAL to the covered payroll was (4.37) percent.

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

## **7. POSTRETIREMENT BENEFITS**

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

### **Plan Description**

The Authority provides postretirement healthcare benefits to eligible retired employees and their spouses through provisions enacted by the authority of the Port Commission. At December 31, 2014, two 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 \$20,339 for the year ended December 31, 2014 and \$28,601 for the year ended December 31, 2013.

#### **Annual OPEB Cost and Net OPEB Obligation**

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

A statement of the calculation of the annual OPEB contribution and the change in the net OPEB obligation for the years ended December 31, 2014 and 2013 is as follows:

	<b>2014</b>	<b>2013</b>
<b>Determination of Annual Required Contribution</b>		
Normal Cost at Year End	\$ 68,857	\$ 93,900
Amortization of UAAL	49,866	65,488
Annual Required Contribution (ARC)	118,723	159,388
<b>Determination of Net OPEB Obligation</b>		
Annual Required Contribution	118,723	159,388
Interest on Prior Year Net OPEB Obligation	15,989	10,797
Adjustment to ARC	(26,217)	(16,530)
Annual OPEB Cost	108,495	153,655
Contributions Made	(20,339)	(28,601)
Increase in Net OPEB Obligation	88,156	125,054
Net OPEB Obligation - Beginning of Year	399,726	274,672
Net OPEB Obligation - End of Year	<b>\$ 487,882</b>	<b>\$ 399,726</b>

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

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

<b>Years Ended December 31,</b>	<b>Discount Rate</b>	<b>Annual OPEB Cost</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2014	4.00%	\$ 108,495	18.75%	\$ 487,882
2013	4.00%	153,655	18.61%	399,726
2012	4.00%	158,983	188.00%	274,672
2011	4.00%	153,658	17.85%	414,580



**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
2014	\$ -	4.0%	\$ 760,302	\$ 760,302	0.0%	\$ 11,816,387	6.4%
2013	-	4.0%	1,022,906	1,022,906	0.0%	11,312,022	9.0%
2012	-	4.0%	1,182,857	1,182,857	0.0%	10,982,221	10.8%
2011	-	4.0%	1,075,827	1,075,827	0.0%	10,531,666	10.2%

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

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

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

**Actuarial Methods and Assumptions**

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

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

- The Normal Cost is the Actuarial Present Value of benefits allocated to the valuation year.
- The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits accrued as of the valuation date.
- Valuation Assets are equal to the market value of assets as of the valuation date, if any.
- Unfunded Actuarial Accrued Liability (UAAL) is the difference between the Actuarial Accrued Liability and the Valuation Assets. The amortization of UAAL as of January 1, 2014 is calculated as a level dollar over 24 years on a closed basis.

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

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

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

## 8. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2014, the Authority had remaining contractual construction and improvement commitments of approximately \$10,247,933. These commitments are being financed through operating revenues and capital grants.

## 9. COMMITMENTS AND CONTINGENCIES

### LITIGATION

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

### RISK MANAGEMENT

The Authority is self-insured for \$5,000,000 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 \$2,699,958. 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, 2014, the liability of \$173,348 is comprised of estimated health claims of \$155,265 and estimated worker's compensation claims of \$18,053. At December 31, 2013, the liability of \$113,920 is comprised of estimated health claims of \$99,683 and estimated worker's compensation claims of \$14,237.

Changes in the balances of claims liabilities as of December 31, 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
Unpaid claims, beginning of fiscal year	\$ 113,920	\$ 134,977
Incurred claims (including IBNRs)	2,435,394	1,854,188
Claims payments	(2,375,966)	(1,875,245)
<b>Unpaid claims, end of fiscal year</b>	<b>\$ 173,348</b>	<b>\$ 113,920</b>

#### **FACILITIES FINANCING BONDS**

The Authority and IDC have entered into agreements with three unrelated entities to finance construction of pollution control, environmental, and solid waste disposal facilities. To accomplish this, the Authority and IDC acted as issuers of facilities financing revenue bonds in the original amount of \$495,395,000. The bonds are secured solely by the facilities and installment sales agreements, and the Authority and IDC assumed no current or future obligation for repayment of the bonds. The installment sales agreements were entered into with the entities for an amount equal to the outstanding bonds to secure repayment. The proceeds of the bonds were received and used by the entities and are repaid when due directly by the entities. At December 31, 2014, facilities financing revenue bonds outstanding amounted to \$475,495,000.

#### **10. NAVAL STATION INGLESIDE PROPERTY**

On January 8, 2013, the Authority approved a resolution authorizing the sale of salvage or surplus personal property formerly owned by the United States Navy and located at the former Naval Station Ingleside. A public notice was issued on March 14, 2013 and the Authority received one response to the Notice to Bidders. The bid from Oxy Ingleside Energy Center, LLC for all personal property located at the site of the former Naval Station Ingleside was accepted in the amount of \$75,000 and a Bill of Sale was executed upon receipt of payment from Oxy. The Authority recognized a \$145,094 loss on the sale.

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

**PENSION PLAN:**

	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Value of Assets	\$ 31,917,556	\$ 29,524,708	\$ 28,148,929
Actuarial Accrued Liability (AAL)	\$ 30,786,850	\$ 29,044,854	\$ 28,169,728
Funded Ratio	103.7%	101.7%	99.9%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	\$ (1,130,706)	\$ (479,854)	\$ 20,799
Annual covered Payroll	\$ 11,312,022	\$ 10,982,221	\$ 10,531,666
UAAL as a Percentage of Covered Payroll	(10.0%)	(4.4%)	0.2%

**OPEB Obligation:**

	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Actuarial Valuation Date	1/1/2014	1/1/2011	1/1/2011
Actuarial Value of Assets	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 760,302	\$ 1,022,906	\$ 1,182,857
Funded Ratio	0.0%	0.0%	0.0%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 760,302	\$ 1,022,906	\$ 1,182,857
Annual covered Payroll	\$ 11,816,387	\$ 11,312,022	\$ 10,982,221
UAAL as a Percentage of Covered Payroll	6.4%	9.0%	10.8%



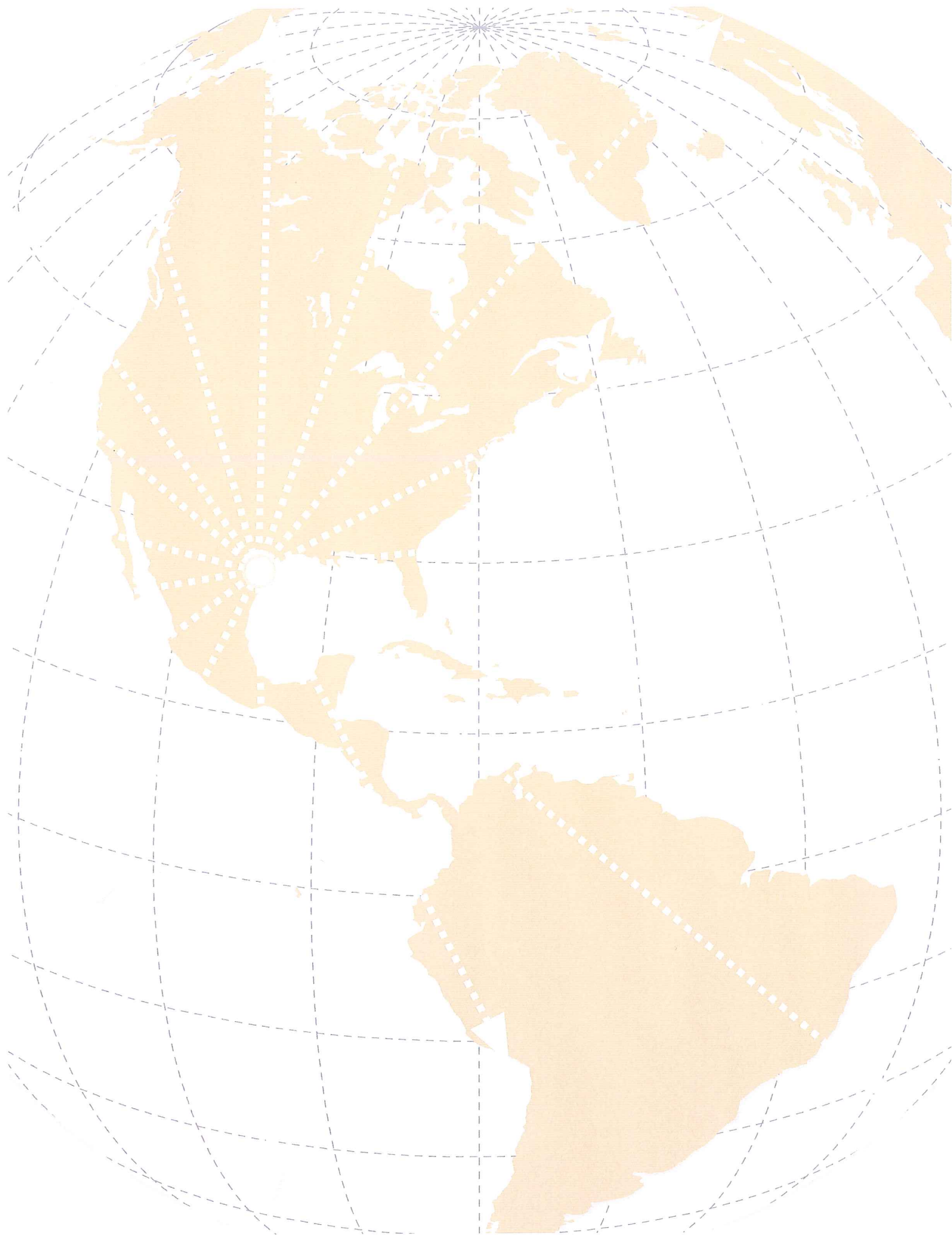
**Grain**  
**4,070,315**  
**SHORT TONS**

# 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, 2014		
	Actual	Budget	Variance (%)
<b>OPERATING REVENUES:</b>			
Wharfage	\$ 42,288,896	\$ 41,561,608	2
Dockage	14,630,404	12,910,787	13
Security fees	6,460,860	5,935,429	9
Freight handling	3,133,303	2,972,600	5
Rail Charges	893,900	1,345,000	(34)
Building and land rentals	8,456,174	7,586,560	11
Conference center services	1,864,556	2,035,835	(8)
FTZ user fees	222,500	226,000	(2)
Dredge placement fees	1,669,714	-	100
Other	2,189,138	933,388	135
<i>Total Operating Revenues</i>	<u>81,809,445</u>	<u>75,507,207</u>	<u>8</u>
<b>OPERATING EXPENSES:</b>			
Maintenance and operations	23,367,865	22,097,985	(6)
General and administrative	15,891,293	16,122,798	1
Depreciation	12,310,557	11,297,880	(9)
<i>Total Operating Expenses</i>	<u>51,569,715</u>	<u>49,518,663</u>	<u>(4)</u>
<i>Operating Income</i>	<u>30,239,730</u>	<u>25,988,544</u>	<u>16</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Investment income	341,754	244,260	40
Federal and other grant assistance	180,655	100,000	81
Gain on disposal of assets	40,596	-	100
Interest expense and fiscal charges	(535)	(600)	11
<i>Net Non-Operating Revenues</i>	<u>562,470</u>	<u>343,660</u>	<u>(64)</u>
<i>Income Before Capital Grants and Contributions</i>	<u>30,802,200</u>	<u>26,332,204</u>	<u>17</u>
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	<u>8,657,361</u>	<u>11,976,231</u>	<u>(28)</u>
<i>Change in Net Position</i>	<u>\$ 39,459,561</u>	<u>\$ 38,308,435</u>	<u>3</u>

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

**Schedules of Maintenance and  
Operations and General and  
Administrative Expenses  
For the Years Ended December 31, 2014 and 2013**

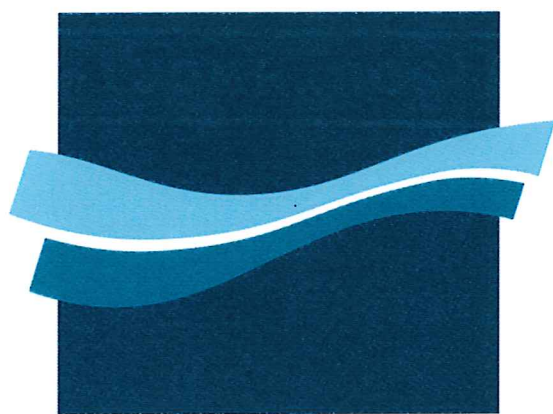
	2014	2013
<b>MAINTENANCE AND OPERATIONS:</b>		
Employee services	\$ 8,304,043	\$ 7,324,312
Maintenance	6,122,959	3,679,718
Utilities	1,004,905	902,342
Telephone	80,639	85,538
Insurance & claims	1,911,090	2,023,472
Professional services	2,422,320	974,998
Police expenses	16,461	14,435
Contracted services	1,277,137	1,336,574
Office and equipment rental	79,023	55,691
Operator and event expenses	1,547,155	1,427,944
Safety/Environmental	107,859	98,478
General	494,274	220,554
<i>Total Maintenance and Operations</i>	<u>\$ 23,367,865</u>	<u>\$ 18,144,056</u>
<b>GENERAL AND ADMINISTRATIVE:</b>		
Employee services	\$ 8,001,279	\$ 7,272,765
Maintenance	648,221	530,688
Utilities	159,148	149,405
Telephone	83,776	73,896
Insurance & claims	99,451	429,990
Professional services	3,870,383	3,993,766
Police expenses	1,616	190
Contracted services	26,167	23,431
Office and equipment rental	86,761	92,118
Administrative	2,309,972	2,140,507
Trade and sales development	209,900	200,500
Media advertising	232,608	225,363
Production	41,061	33,424
Safety/Environmental	28,007	26,732
General	92,943	185,250
<i>Total General and Administrative</i>	<u>\$ 15,891,293</u>	<u>\$ 15,378,025</u>

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

**Schedules of Facilities Financing Bonds  
December 31, 2014**


<u>Description</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Series Maturity</u>	<u>Original Amount</u>	<u>Balance Outstanding</u>
<b>Pollution Control Revenue Bonds:</b>					
Hoechst Celanese, Series 2002A	6.450%	05/01/2002	2030	\$ 13,995,000	\$ 13,995,000
Hoechst Celanese, Series 2002B	6.700%	05/01/2002	2030	39,000,000	39,000,000
<b>Environmental Facilities Revenue Bonds:</b>					
Citgo Petroleum, Series 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
<b>Solid Waste Disposal Revenue Bonds:</b>					
Flint Hills Res., Series 2002A	Variable	10/01/2002	2029	125,000,000	125,000,000
Flint Hills Res., Series 2002B	Variable	10/01/2002	2029	11,700,000	11,700,000
Flint Hills Res., Series 2003	Variable	04/01/2003	2028	19,500,000	19,500,000
Flint Hills Res., Series 2005	Variable	03/01/2005	2030	25,000,000	25,000,000
Flint Hills Res., Series 2006	Variable	04/01/2006	2030	42,000,000	42,000,000
Flint Hills Res., Series 2007	Variable	10/01/2007	2032	35,000,000	35,000,000
Total				<u>\$ 495,395,000</u>	<u>\$ 475,495,000</u>

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



**PORTCORPUSCHRISTI**



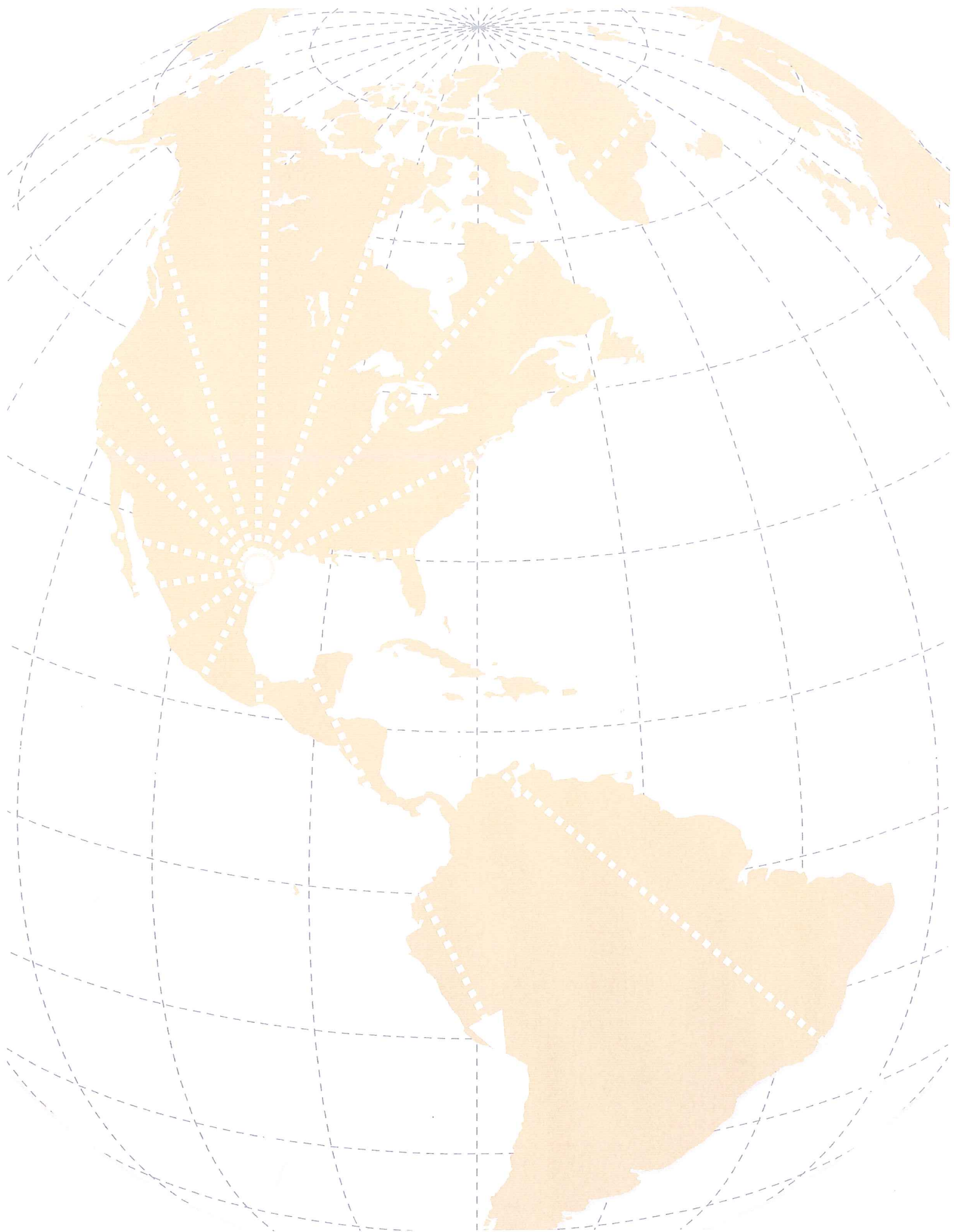


**Chemical**  
**2,205,422**  
**SHORT TONS**

# STATISTICAL SECTION



**PORT CORPUS CHRISTI™**



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## ***Statistical Section***

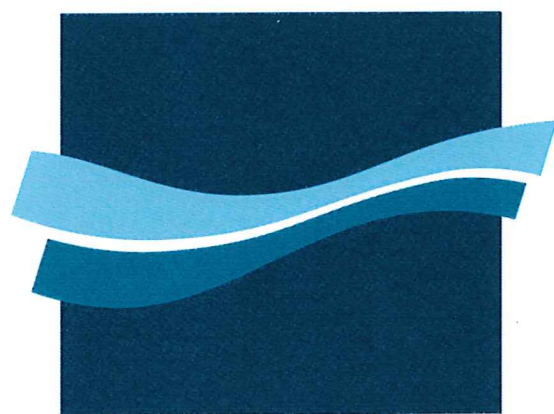
### ***(Unaudited)***

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

#### **Contents**

	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>41</b>
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>45</b>
These schedules contain information to help the reader access the factors affecting the Authority's ability to generate its most significant revenue sources.	
<b>Debt Capacity</b>	<b>51</b>
These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>53</b>
These schedules offer demographic and economic indicators to help the reader understand the environment with which the Authority's financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	<b>55</b>
These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs.	

**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.



PORT**CORPUSCHRISTI**



TABLE 1 (Unaudited)

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

**Changes in Net Position  
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Operating revenues:										
Wharfage	\$ 15,388,177	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823	\$ 24,826,670	\$ 26,567,587	\$ 27,410,252	\$ 31,293,692	\$ 35,688,217	\$ 42,288,896
Dockage	4,153,902	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404
Security fees	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860
Freight handling	2,351,619	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303
Rail Charges	309,525	337,024	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900
Building and land rentals	3,705,185	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174
Conference center services	1,556,200	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556
Warehouse handling charges	1,737,118	1,484,404	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-
FTZ user fees	233,333	243,000	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500
Dredge placement fees	219,592	501,690	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714
Other	956,199	1,006,934	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138
Total operating revenues	32,731,892	36,036,411	44,929,457	51,051,193	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	81,809,445
Investment income	1,084,006	1,269,697	1,230,324	932,447	584,849	478,291	467,494	163,804	283,544	341,754
Federal and other grant assistance	78,914	-	-	284,048	17,570	60,806	169,966	337,965	290,727	180,655
Donation of personal property	-	-	-	-	-	225,825	4,500	-	-	-
Gain on disposal of assets	60,268	-	-	-	7,266	-	3,727,517	-	-	40,596
Total Revenues	33,955,080	37,306,108	46,159,781	52,267,688	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,372,450
<b>Expenses</b>										
Operating expenses:										
Maintenance and operations	16,361,152	18,385,065	21,392,329	21,842,912	20,697,782	20,248,511	22,760,814	22,721,681	18,144,056	23,367,865
General and administrative	10,139,046	10,760,589	12,521,179	13,007,565	15,029,743	14,939,210	13,830,284	17,835,428	15,378,025	15,891,293
Depreciation	6,142,055	7,127,447	8,442,640	9,648,639	10,060,645	12,165,114	13,381,562	13,738,571	12,024,981	12,310,557
Total operating expenses	32,642,253	36,273,101	42,356,148	44,499,116	45,788,170	47,352,835	49,972,660	54,295,680	45,547,062	51,569,715
Interest expense and fiscal charges	712,323	689,611	620,495	562,442	504,030	450,602	392,699	(51,908)	16,986	535
Amortization of bond issuance costs	63,610	49,458	37,828	28,615	20,735	10,743	-	-	-	-
Fiscal payments to subrecipients	-	-	-	284,048	-	-	-	128,730	-	-
Loss on disposal of assets	-	15,395	10,293	308,883	-	8,643	-	9,517,670	102,957	-
Total Expenses	33,418,186	37,027,565	43,024,764	45,683,104	46,312,935	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250
Income(Loss) Before Contributions	536,894	278,543	3,135,017	6,584,584	722,640	5,221,951	12,703,079	(955,989)	32,375,219	30,802,200
Capital Contributions	17,792,218	12,261,584	4,633,770	2,510,746	2,090,573	111,670,700	5,402,273	5,663,315	5,842,850	8,657,361
Changes in Net Position	18,329,112	12,540,127	7,768,787	9,095,330	2,813,213	116,892,651	18,105,352	4,707,326	38,218,069	39,459,561
Total Net Position, Beginning of Year	186,361,654	204,690,766	217,230,893	224,999,680	234,095,010	236,908,223	353,800,874	371,906,226	376,613,552	414,831,621
Total Net Position, End of Year	\$ 204,690,766	\$ 217,230,893	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182
<b>Net Position at Year End</b>										
Net investment in capital assets	\$ 178,351,445	\$ 195,074,359	\$ 204,800,725	\$ 202,587,244	\$ 211,984,713	\$ 321,470,695	\$ 334,092,868	\$ 245,665,607	\$ 273,398,051	\$ 293,461,952
Restricted	2,167,787	2,061,302	2,193,823	1,756,683	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522
Unrestricted	24,171,534	20,095,232	18,005,132	29,751,083	23,175,878	30,402,517	35,889,132	130,695,182	141,400,887	160,793,708
Total Net Position	\$ 204,690,766	\$ 217,230,893	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182

TABLE 2 (Unaudited)

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

**Revenues by Source  
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Operating Revenues:</b>										
Wharfage	\$15,388,177	\$19,351,717	\$27,219,535	\$26,359,823	\$24,826,670	\$26,567,587	\$27,410,252	\$31,293,692	\$35,688,217	\$42,288,896
Dockage	4,153,902	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404
Security fees	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860
Freight handling	2,351,619	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303
Rail Charges	309,525	337,024	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900
Building and land rentals	3,705,185	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174
Conference center services	1,556,200	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556
Warehouse handling charges	1,737,118	1,484,404	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-
FTZ user fees	233,333	243,000	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500
Dredge placement fees	219,592	501,690	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714
Other	956,199	1,006,934	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138
	<u>\$32,731,892</u>	<u>\$36,036,411</u>	<u>\$44,929,457</u>	<u>\$51,051,193</u>	<u>\$46,425,890</u>	<u>\$52,279,852</u>	<u>\$58,698,961</u>	<u>\$62,432,414</u>	<u>\$77,467,953</u>	<u>\$81,809,445</u>
<b>Non-Operating Revenues:</b>										
Other:										
Investment income	\$ 1,084,006	\$ 1,269,697	\$ 1,230,324	\$ 932,447	\$ 584,849	\$ 478,291	\$ 467,494	\$ 163,804	\$ 283,544	\$ 341,754
Other	139,182	-	-	284,048	24,836	286,631	3,901,983	337,965	290,727	221,251
	<u>\$ 1,223,188</u>	<u>\$ 1,269,697</u>	<u>\$ 1,230,324</u>	<u>\$ 1,216,495</u>	<u>\$ 609,685</u>	<u>\$ 764,922</u>	<u>\$ 4,369,477</u>	<u>\$ 501,769</u>	<u>\$ 574,271</u>	<u>\$ 563,005</u>



TABLE 3 (Unaudited)

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

**Expenses by Type  
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Operating Expenses:</b>										
Maintenance and Operation:										
Employee services	\$ 6,296,241	\$ 6,768,333	\$ 6,952,412	\$ 8,255,443	\$ 7,866,038	\$ 8,374,106	\$ 7,810,947	\$ 8,258,807	\$ 7,324,312	\$ 8,304,043
Maintenance	3,317,396	4,173,668	6,483,605	6,340,774	4,987,113	3,538,398	5,136,098	4,896,773	3,679,718	6,122,959
Utilities	1,095,452	1,399,011	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822	1,735,122	902,342	1,004,905
Telephone	19,694	23,716	35,699	29,991	26,436	35,286	101,960	94,604	85,538	80,639
Insurance & claims	1,264,823	1,726,286	2,017,983	1,902,331	1,844,918	2,266,112	2,099,345	2,311,581	2,023,472	1,911,090
Professional services	544,189	400,085	344,073	424,975	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320
Police expenses	36,788	53,276	39,442	74,106	55,218	66,434	14,233	24,006	14,435	16,461
Contracted services	2,155,840	2,110,723	2,166,855	1,834,442	1,426,265	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137
Office and equipment rental	78,665	129,527	124,691	91,004	97,627	73,983	142,778	65,037	55,691	79,023
Operator and event expenses	1,287,428	1,311,334	1,523,025	1,280,002	1,550,059	1,415,417	1,538,092	1,678,367	1,427,944	1,547,155
Warehouse supplies	136,382	64,946	38,292	68,428	44,700	9,037	8,024	-	-	-
Safety/Environmental	53,509	50,970	62,693	90,947	71,246	69,075	83,442	77,086	98,478	107,859
General	74,745	173,190	220,500	93,105	196,113	129,909	185,198	175,307	220,554	494,274
	<u>\$16,361,152</u>	<u>\$18,385,065</u>	<u>\$21,392,329</u>	<u>\$21,842,912</u>	<u>\$20,697,782</u>	<u>\$20,248,511</u>	<u>\$22,760,814</u>	<u>\$22,721,681</u>	<u>\$18,144,056</u>	<u>\$23,367,865</u>
<b>General and Administrative:</b>										
Employee services	\$ 5,711,388	\$ 6,150,455	\$ 6,808,607	\$ 7,349,030	\$ 7,837,903	\$ 7,692,080	\$ 7,224,377	\$ 7,423,777	\$ 7,272,765	\$ 8,001,279
Maintenance	229,548	324,760	351,566	320,610	432,088	453,408	501,087	509,303	530,688	648,221
Utilities	162,864	218,586	222,481	196,865	224,245	172,703	194,864	171,122	149,405	159,148
Telephone	209,939	205,520	213,248	231,958	209,267	196,626	115,447	100,921	73,896	83,776
Insurance & claims	119,854	111,670	108,314	84,451	96,638	124,620	92,492	97,774	429,990	99,451
Professional services	1,713,073	1,864,026	2,290,016	2,419,843	3,322,950	3,526,850	3,046,566	7,092,409	3,993,766	3,870,383
Police expenses	1,341	654	216	314	174	82	82	-	190	1,616
Contracted services	54,189	134,754	198,260	88,262	64,213	151,445	100,952	59,756	23,431	26,167
Office and equipment rental	4,451	6,852	10,173	18,264	40,406	59,809	65,104	76,941	92,118	86,761
Administrative	1,483,098	1,647,031	1,925,958	1,873,318	2,392,822	2,108,277	2,035,746	1,869,480	2,140,507	2,309,972
Trade and sales development	107,450	123,054	146,161	148,946	204,427	157,237	184,528	188,894	200,500	209,900
Media advertising	91,527	73,557	157,725	109,262	108,425	206,557	195,766	190,661	225,363	232,608
Production	45,124	56,861	30,773	27,917	48,319	25,678	24,222	21,774	33,424	41,061
Safety/Environmental	20,439	36,047	26,992	38,206	22,681	21,544	23,299	23,651	26,732	28,007
General	184,761	(193,238)	30,689	100,319	25,185	42,294	25,752	8,965	185,250	92,943
	<u>\$10,139,046</u>	<u>\$10,760,589</u>	<u>\$12,521,179</u>	<u>\$13,007,565</u>	<u>\$15,029,743</u>	<u>\$14,939,210</u>	<u>\$13,830,284</u>	<u>\$17,835,428</u>	<u>\$15,378,025</u>	<u>\$15,891,293</u>
Depreciation	\$ 6,142,055	\$ 7,127,447	\$ 8,442,640	\$ 9,648,639	\$ 10,060,645	\$ 12,165,114	\$ 13,381,562	\$ 13,738,571	\$ 12,024,981	\$ 12,310,557
<b>Non-Operating Expenses:</b>										
Other:										
Interest	\$ 775,933	\$ 739,069	\$ 658,323	\$ 591,057	\$ 504,030	\$ 450,602	\$ 392,699	\$ (51,908)	\$ 16,986	\$ 535
Other	-	15,395	10,293	592,931	20,735	19,386	-	9,646,400	102,957	-
	<u>\$ 775,933</u>	<u>\$ 754,464</u>	<u>\$ 668,616</u>	<u>\$ 1,183,988</u>	<u>\$ 524,765</u>	<u>\$ 469,988</u>	<u>\$ 392,699</u>	<u>\$ 9,594,492</u>	<u>\$ 119,943</u>	<u>\$ 535</u>

TABLE 4 (Unaudited)

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

**Financial Performance Indicators**

**Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Revenues (OR)	\$ 32,731,892	\$ 36,036,411	\$ 44,929,457	\$ 51,051,193	\$ 46,425,890	\$ 52,279,852	\$ 58,698,961	\$ 62,432,414	\$ 77,467,953	\$ 81,809,445
Operating Expenses (OE) *	(26,500,198)	(29,145,654)	(33,913,508)	(34,830,477)	(35,727,525)	(35,187,721)	(36,591,098)	(40,557,109)	(33,522,081)	(39,259,158)
Net Operating Income (NOI)	6,231,694	6,890,757	11,015,949	16,200,716	10,698,365	17,092,131	22,107,863	21,875,305	43,945,872	42,550,287
Non-Operating Revenues	1,223,188	1,269,697	1,230,324	1,216,495	609,685	764,922	4,369,477	501,769	574,271	563,005
Non-Operating Expenses	(775,933)	(754,464)	(668,616)	(1,183,988)	(524,765)	(469,988)	(392,699)	(9,594,492)	(119,943)	(535)
Net Income "A" (NI"A")	6,678,949	7,405,990	11,577,657	16,233,223	10,783,285	17,387,065	26,084,641	12,782,582	44,400,200	43,112,757
Depreciation	(6,142,055)	(7,127,447)	(8,442,640)	(9,648,639)	(10,060,645)	(12,165,114)	(13,381,562)	(13,738,571)	(12,024,981)	(12,310,557)
Net Income (Loss) "B" (NI"B")	\$ 536,894	\$ 278,543	\$ 3,135,017	\$ 6,584,584	\$ 722,640	\$ 5,221,951	\$ 12,703,079	\$ (955,989)	\$ 32,375,219	\$ 30,802,200
Net Capital Assets (NCA) **	\$ 156,723,984	\$ 175,997,745	\$ 173,486,988	\$ 218,586,423	\$ 216,324,078	\$ 310,154,387	\$ 308,029,828	\$ 205,249,468	\$ 236,941,202	\$ 241,815,700
Total Assets (TA)	\$ 242,045,429	\$ 252,168,291	\$ 258,145,439	\$ 263,271,819	\$ 265,643,291	\$ 383,387,219	\$ 399,959,365	\$ 398,840,431	\$ 435,235,356	\$ 485,074,255

**Operating Indicators:**

Operating ROI (NOI/NCA)	3.98%	3.92%	6.35%	7.41%	4.95%	5.51%	7.18%	10.66%	18.55%	17.60%
Operating Margin (NOI/OR)	19.04%	19.12%	24.52%	31.73%	23.04%	32.69%	37.66%	35.04%	56.73%	52.01%
Operating Ratio (OE/OR)	80.96%	80.88%	75.48%	68.27%	76.96%	67.31%	62.34%	64.96%	43.27%	47.99%

**Other ROI Indicators:**

ROI "A" (NI"A"/TA)	2.76%	2.94%	4.48%	6.17%	4.06%	4.54%	6.52%	3.20%	10.20%	8.89%
ROI "B" (NI"B"/TA)	0.22%	0.11%	1.21%	2.50%	0.27%	1.36%	3.18%	-0.24%	7.44%	6.35%

\* - Excludes Depreciation

\*\* - Excludes Construction in Progress

TABLE 5 (Unaudited)

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

**Port Commerce By Commodity  
Last Ten Years**

Commodity By Port Division - <i>Short tons</i>		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Inner Harbor</b>											
Break Bulk	200,159	183,544	215,964	256,612	133,037	157,781	122,055	214,010	60,529	133,279	
Grain	2,098,829	2,025,864	3,367,057	5,409,827	3,951,347	4,100,774	4,183,095	2,563,535	2,972,973	4,068,716	
Chemical	66,514	59,851	52,709	68,760	43,982	37,814	58,377	58,066	41,198	99,979	
Dry Bulk	2,544,880	2,008,088	2,420,282	2,318,675	1,974,232	2,038,029	2,821,831	2,317,603	2,805,899	3,639,555	
Liquid Bulk	518,403	248,355	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	
Petroleum	66,391,484	68,242,433	67,124,801	62,558,169	56,586,340	61,163,028	59,446,567	60,393,806	67,818,288	78,272,092	
<b>Total</b>	<b>71,820,269</b>	<b>72,768,135</b>	<b>73,693,849</b>	<b>70,913,050</b>	<b>62,820,038</b>	<b>68,003,637</b>	<b>67,165,468</b>	<b>66,101,356</b>	<b>74,174,672</b>	<b>86,707,471</b>	
<b>La Quinta</b>											
Break Bulk	-	-	-	-	-	1,369	-	-	-	3,551	105,282
Chemical	1,728,815	1,510,142	1,796,165	1,561,258	1,366,046	1,430,429	1,685,331	1,907,946	1,910,564	2,105,444	
Dry Bulk	5,812,484	5,690,335	5,780,257	5,572,667	4,467,692	4,809,114	5,817,275	5,585,549	5,887,865	5,006,308	
Petroleum	25,081	24,030	26,925	26,607	18,766	22,404	41,750	25,319	14,228	23,906	
<b>Total</b>	<b>7,566,380</b>	<b>7,224,507</b>	<b>7,603,347</b>	<b>7,160,532</b>	<b>5,852,504</b>	<b>6,263,316</b>	<b>7,544,356</b>	<b>7,518,814</b>	<b>7,816,208</b>	<b>7,240,940</b>	
<b>Harbor Island</b>											
Break Bulk	6	6	6	2	-	-	-	-	-	-	-
Petroleum	332	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>338</b>	<b>6</b>	<b>6</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ingleside</b>											
Break Bulk	226,899	46,637	224,714	277,147	178,826	169,609	175,551	175,287	263,119	31,458	
Dry Bulk	-	-	42,722	-	-	7,012	4,615	10,742	829	5,274	
Petroleum	7,115,455	6,909,586	7,741,913	7,475,838	7,660,416	7,715,429	5,330,829	4,957,218	6,427,951	6,087,182	
<b>Total</b>	<b>7,342,354</b>	<b>6,956,223</b>	<b>8,009,349</b>	<b>7,752,985</b>	<b>7,839,242</b>	<b>7,892,050</b>	<b>5,510,995</b>	<b>5,143,247</b>	<b>6,691,899</b>	<b>6,123,914</b>	
<b>Rincon Point</b>											
Break Bulk	17,918	26,510	4,519	18,829	6,130	10,500	9,025	1,669	-	-	
Grain	-	5,746	10,329	14,040	-	12,503	31,726	15,312	11,235	1,599	
Dry Bulk	38,690	1,707	(1,707)	-	1,734	12,291	48,647	25,790	5,835	-	
<b>Total</b>	<b>56,608</b>	<b>33,963</b>	<b>13,141</b>	<b>32,869</b>	<b>7,864</b>	<b>35,294</b>	<b>89,398</b>	<b>42,771</b>	<b>17,070</b>	<b>1,599</b>	
<b>Total</b>	<b>86,785,949</b>	<b>86,982,834</b>	<b>89,319,692</b>	<b>85,859,438</b>	<b>76,519,648</b>	<b>82,194,297</b>	<b>80,310,217</b>	<b>78,806,188</b>	<b>88,699,849</b>	<b>100,073,924</b>	
<b>Commodity Totals - <i>Short tons</i></b>											
Break Bulk	444,982	256,697	445,203	552,590	317,993	339,259	306,631	390,966	327,199	270,019	
Grain	2,098,829	2,031,610	3,377,386	5,423,867	3,951,347	4,113,277	4,214,821	2,578,847	2,984,208	4,070,315	
Chemical	1,795,329	1,569,993	1,848,874	1,630,018	1,410,028	1,468,243	1,743,708	1,966,012	1,951,762	2,205,422	
Dry Bulk	8,396,054	7,700,130	8,241,554	7,891,342	6,443,658	6,866,446	8,692,368	7,939,684	8,700,428	8,651,138	
Liquid Bulk	518,403	248,355	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	
Petroleum	73,532,352	75,176,049	74,893,639	70,060,614	64,265,522	68,900,861	64,819,146	65,376,343	74,260,467	84,383,180	
<b>Total</b>	<b>86,785,949</b>	<b>86,982,834</b>	<b>89,319,692</b>	<b>85,859,438</b>	<b>76,519,648</b>	<b>82,194,297</b>	<b>80,310,217</b>	<b>78,806,188</b>	<b>88,699,849</b>	<b>100,073,924</b>	

TABLE 5 (Unaudited - Continued)

Port Commerce By Commodity  
Last Ten Years

PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS

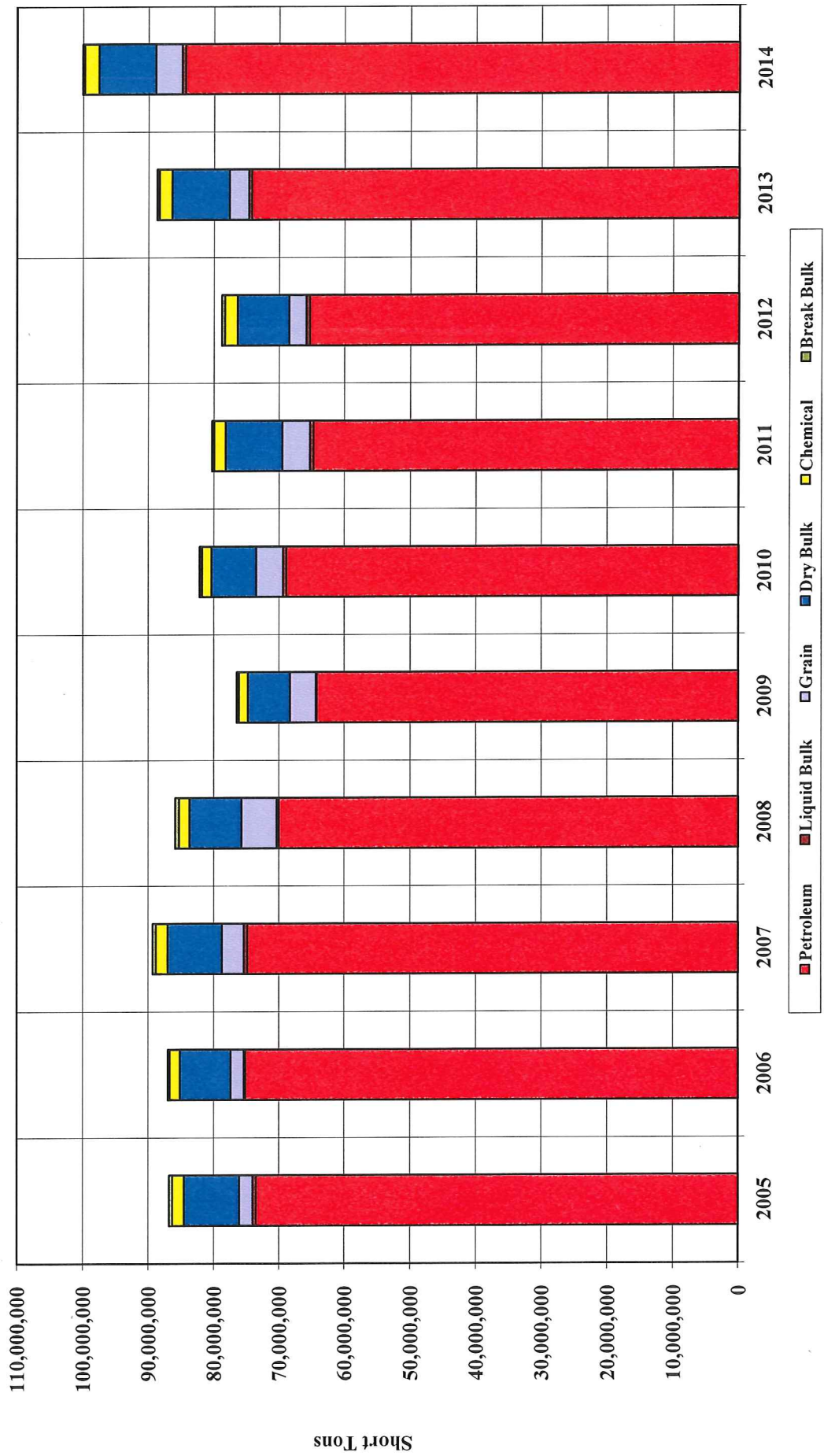


TABLE 6 (Unaudited)

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

**Vessel Traffic  
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Inner Harbor</b>										
<i>Ships</i>										
Dry Cargo	268	233	300	377	217	234	271	221	223	223
Tankers	808	817	825	819	779	816	789	765	874	986
<i>Barges</i>	4,820	4,440	4,393	4,112	3,691	4,168	3,878	4,579	5,085	6,475
<i>Total Vessels</i>	5,896	5,490	5,518	5,308	4,687	5,218	4,938	5,565	6,182	7,684
<b>La Quinta Harbor</b>										
<i>Ships</i>										
Dry Cargo	147	128	117	107	100	124	117	114	126	130
Tankers	104	110	135	104	85	69	101	116	113	130
<i>Barges</i>	310	175	166	102	80	123	89	59	88	101
<i>Total Vessels</i>	561	413	418	313	265	316	307	289	327	361
<b>Harbor Island</b>										
<i>Ships</i>										
Dry Cargo	610	566	632	227	-	-	-	-	-	-
Tankers	-	-	-	-	-	-	-	-	5	-
<i>Barges</i>	-	-	-	-	-	-	1	-	2	-
<i>Total Vessels</i>	610	566	632	227	-	-	1	-	7	-
<b>Ingleside Harbor</b>										
<i>Ships</i>										
Dry Cargo	12	15	28	19	22	58	42	37	29	60
Tankers	88	92	97	98	109	107	75	67	94	70
<i>Barges</i>	54	55	45	49	66	67	48	122	225	353
<i>Total Vessels</i>	154	162	170	166	197	232	165	226	348	483
<b>Rincon Point</b>										
<i>Barges</i>	114	2	6	8	2	3	2	2	6	-
<i>Total Vessels</i>	114	2	6	8	2	3	2	2	6	-
<b>Total</b>										
<i>Ships</i>										
Dry Cargo	1,037	942	1,077	730	339	416	430	372	378	413
Tankers	1,000	1,019	1,057	1,021	973	992	965	948	1,086	1,186
<i>Barges</i>	5,298	4,672	4,610	4,271	3,839	4,361	4,018	4,762	5,406	6,929
<i>Total Vessels</i>	7,335	6,633	6,744	6,022	5,151	5,769	5,413	6,082	6,870	8,528

TABLE 6 (Unaudited - Continued)

PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS

Vessel Traffic  
Last Ten Years

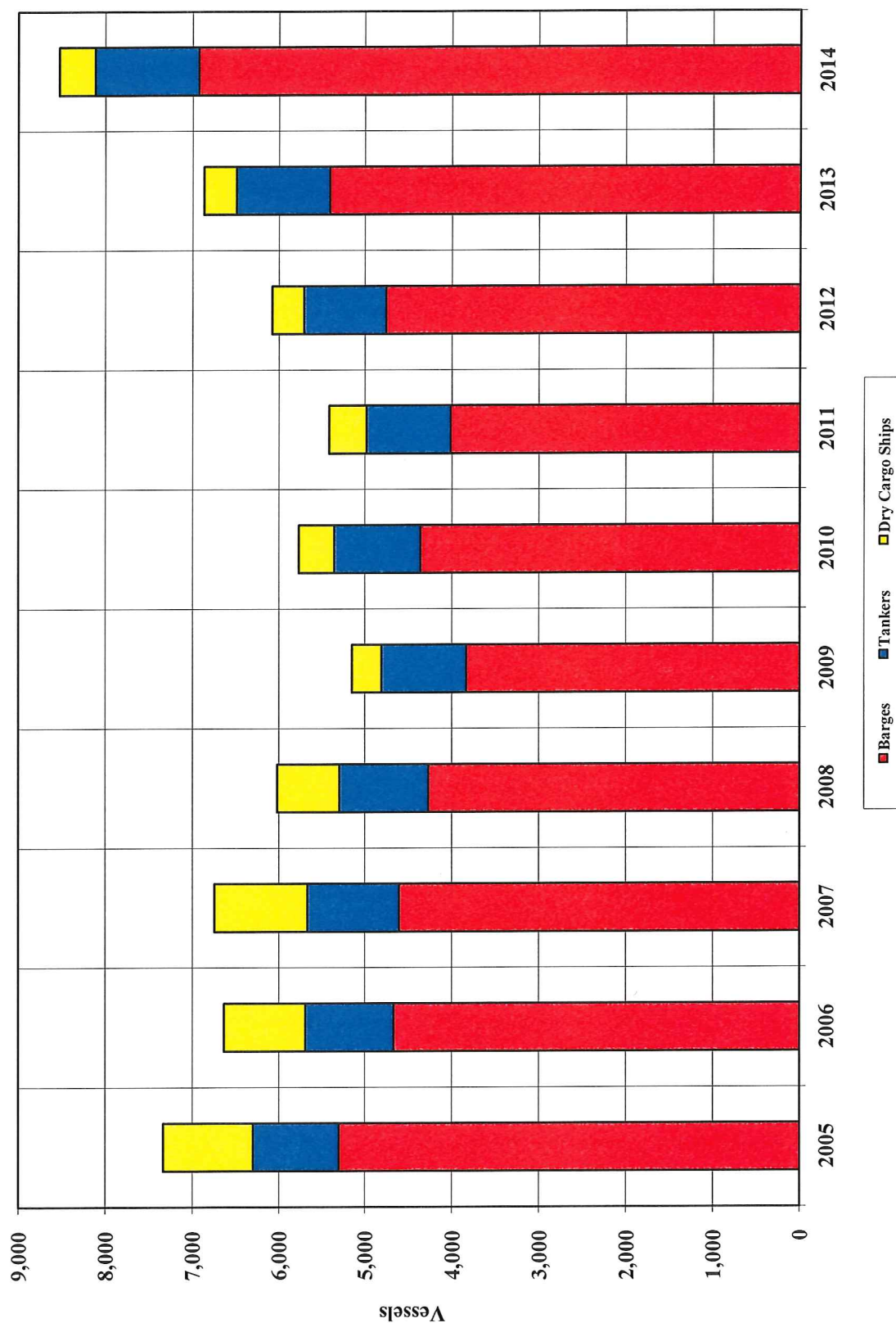




TABLE 7 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS										Tariff Rates Last Ten Years	
	U/M	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Wharfage Rates</b>											
All Cargo NOS	W/M	\$2,5000	\$2,5000	\$2,5000	\$2,7500	\$2,8600	\$2,8500	\$2,8900	\$3,0400	\$3,1000	\$3,2200
Dry Bulk	S/T	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6200	\$0,9000	\$1,0500	\$1,2500	\$1,2800	\$1,3300
Liquid Bulk	BRL	\$0,0600	\$0,0600	\$0,0800	\$0,0800	\$0,0831	\$0,0828	\$0,0839	\$0,0883	\$0,0901	\$0,0937
Beans, Lentils & Peas	S/T	\$0,5000	\$0,5000	\$0,5000	\$0,5500	\$0,5700	\$0,5700	\$0,5800	\$0,6100	\$0,6200	\$0,6400
Cotton	Bale	\$0,4800	\$0,4800	\$0,4800	\$0,4800	\$0,5000	\$0,5000	\$0,5100	\$0,5400	\$0,5500	\$0,5700
Grain and Grain Products	S/T	\$0,5000	\$0,5000	\$0,5000	\$0,7000	\$1,3000	\$1,2900	\$1,3100	\$1,3800	\$1,4100	\$1,4700
Grain and Grain Products (bulk)	S/T	\$0,1700	\$0,1700	\$0,1700	\$0,2500	\$0,2600	\$0,2600	\$0,2600	\$0,2700	\$0,2800	\$0,2900
Iron and Steel Articles	S/T	\$1,2000	\$1,2000	\$1,2000	\$1,8000	\$1,8700	\$1,8600	\$1,8800	\$1,9800	\$2,0200	\$2,1000
Machinery, agricultural	S/T	\$1,7600	\$1,7600	\$1,7600	\$2,7500	\$2,8600	\$2,8500	\$2,8900	\$3,0400	\$3,1000	\$3,2200
Machinery, grading, earth moving	S/T	\$2,0000	\$2,0000	\$2,0000	\$2,7500	\$2,8600	\$2,8500	\$2,8900	\$3,0400	\$3,1000	\$3,2200
Military Cargo	S/T	\$2,3000	\$2,3000	\$2,3000	\$2,3000	\$5,3800	\$5,3600	\$5,4300	\$5,7200	\$5,8400	\$6,0700
Milk, dehydrated	S/T	\$0,5000	\$0,5000	\$0,5000	\$0,7000	\$1,5200	\$1,5100	\$1,5300	\$1,6100	\$1,6400	\$1,7100
Passengers	Person	\$5,0000	\$5,0000	\$5,0000	\$5,0000	\$5,0000	\$4,9800	\$5,0500	\$5,5300	\$5,6400	\$5,8600
Power Generation/Plant Equipment	S/T	\$0,0000	\$1,9000	\$1,9000	\$2,7500	\$2,8500	\$2,8400	\$2,8800	\$3,0300	\$3,1000	\$3,2200
Refrigerated Cargo	S/T	\$1,3000	\$1,3000	\$1,3000	\$1,3000	\$1,3000	\$1,2900	\$1,3100	\$1,3800	\$1,4100	\$1,4700
Rice and Rice Products	S/T	\$0,5000	\$0,5000	\$0,5000	\$0,7000	\$1,3000	\$1,2900	\$1,3100	\$1,3800	\$1,4100	\$1,4700
Sand, aggregates, caliche, limestone	S/T	\$0,6000	\$0,6000	\$0,6000	\$0,6000	\$0,6200	\$0,9000	\$1,0500	\$1,2500	\$1,2800	\$1,3300
Vegetable oil	S/T	\$1,2000	\$1,2000	\$1,2000	\$1,2000	\$1,2500	\$1,2500	\$1,2700	\$1,3400	\$1,3700	\$1,4200
Vehicles	S/T	\$3,4000	\$3,4000	\$3,4000	\$4,7500	\$4,9000	\$4,9200	\$4,9800	\$5,2400	\$5,3500	\$5,5600
Vessels, pressure	S/T	\$3,4000	\$3,4000	\$3,4000	\$3,4000	\$3,5300	\$3,5200	\$3,5700	\$3,7600	\$3,8400	\$3,9900

**Dockage Rates**

## General Cargo

## Vessels

0-199	Feet	\$1.97	\$1.97	\$1.97	\$2.28/\$1.62	\$2.37	\$2.36	\$2.39	\$2.52	\$2.57	\$2.67
200-399	Feet	\$2.55	\$2.55	\$2.55	\$2.99/\$2.10	\$3.11	\$3.10	\$3.14	\$3.31	\$3.38	\$3.51
400-499	Feet	\$3.50	\$3.50	\$3.50	\$4.23/\$2.88	\$4.40	\$4.38	\$4.44	\$4.67	\$4.76	\$4.95
500-599	Feet	\$4.67	\$4.67	\$4.67	\$5.69/\$3.85	\$5.91	\$5.89	\$5.97	\$6.28	\$6.41	\$6.66
600-699	Feet	\$5.43	\$5.43	\$5.43	\$6.51/\$4.47	\$6.77	\$6.74	\$6.83	\$7.19	\$7.34	\$7.63
700-799	Feet	\$6.89	\$6.89	\$6.89	\$8.39/\$5.67	\$8.72	\$8.69	\$8.80	\$9.26	\$9.45	\$9.83
800-899	Feet	\$8.29	\$8.29	\$8.29	\$10.10/\$6.83	\$10.50	\$10.46	\$10.60	\$11.16	\$11.39	\$11.84
900 +	Feet	\$9.92	\$9.92	\$9.92	\$12.08/\$8.17	\$12.55	\$12.50	\$12.66	\$13.33	\$13.60	\$14.14
Barges - Inland Waterway		\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$90.00 Flat	\$95.00 Flat	\$125.00	\$126.64	\$133.30	\$136.01	\$150.00
Bulk Terminal	GRT	\$0.13	\$0.13	\$0.13	\$0.49	\$0.51	\$0.41	\$0.42	\$0.44	\$0.45	\$0.47
Liquid Bulk					See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
Vessels	DWT	\$0.025	\$0.025	\$0.025	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
Barges											
0-360 Feet	Barge	\$70.00	\$70.00	\$70.00	\$90.00	\$95.00	\$125.00	\$126.64	\$133.30	\$136.01	\$150.00
360 +	Barge	\$700.00	\$700.00	\$700.00	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid

**Harbor Safety Fee <sup>2</sup>**Ships  
Barges

Ships		\$240.00	\$240.00	\$240.00	\$275.00	\$275.00	\$2,032.00	\$2,032.00	\$2,032.00	\$2,032.00	\$1,153.00
Barges		\$30.00	\$30.00	\$30.00	\$35.00	\$35.00	\$230.00	\$230.00	\$230.00	\$230.00	\$132.00

**Security Surcharge Fee <sup>1</sup>**

		10.5%	11.0%	11.5%	12.0%	10.0%	10.0%	7.5%	7.5%	7.5%	7.5%
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<sup>1</sup> Security surcharge fee is calculated on wharfage and dockage billings<sup>2</sup> Harbor Safety Fees include fireboat fees and a marine patrol fee implemented in 2010

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

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

TABLE 8 (Unaudited)

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

**Ten Largest Customers  
December 31, 2014 and 2005**

**WHARFAGE and DOCKAGE REVENUE:**

Customer	2014				2005			
	Wharfage and Dockage Revenue	Rank	%		Wharfage and Dockage Revenue	Rank	%	
Valero	\$ 8,266,903	1	14.50%		\$ 6,625,039	1	31.84%	
Citgo	5,904,247	2	10.35%		4,017,934	2	19.31%	
Flint Hills	5,903,806	3	10.35%		2,470,010	3	11.87%	
Martin Operating	5,684,846	4	9.97%				0.00%	
Nu Star Logistics	4,257,376	5	7.47%		-			
Plains Pipeline	2,107,178	6	3.70%		-			
Trafigura Terminals LLC	1,899,856	7	3.33%		-			
Moran-Gulf Shipping Agency	1,707,033	8	2.99%		-			
Dix-Fairway Terminals	1,242,030	9	2.18%		-			
Max Shipping, Inc.	1,211,932	10	2.13%		-			
Boyd-Campbell	-				1,117,024	4	5.37%	
Equistar	-				773,602	5	3.72%	
Oxbow Carbon & Minerals LLC	-				435,827	6	2.09%	
Valls Shipping Agency	-				414,389	7	1.99%	
U.S. Army	-				329,142	8	1.58%	
Biehl & Company	-				272,652	9	1.31%	
Jim E. Docking, Inc.	-				265,945	10	1.28%	
Subtotal (10 largest)	38,185,207		66.97%		16,721,564		80.38%	
Other	18,835,814		33.03%		4,082,853		19.62%	
Total	\$ 57,021,021		100.00%		\$ 20,804,417		100.00%	

**TONNAGE:**

Customer	2014				2005			
	Tonnage	Rank	%		Tonnage	Rank	%	
Citgo	21,788,636	1	21.77%		24,287,118	2	27.99%	
Valero	21,126,348	2	21.11%		28,319,417	1	32.63%	
Flint Hills	13,635,953	3	13.63%		9,879,379	3	11.38%	
Martin Operating	8,511,546	4	8.51%				0.00%	
Nu Star Logistics	7,998,185	5	7.99%		-			
Trafigura Terminals LLC	5,537,930	6	5.53%		-			
Sherwin Alumina Company LP	5,006,308	7	5.00%		5,812,485	5		
Plains Pipeline	2,876,044	8	2.87%				0.00%	
ADM/Gromark River System, Inc.	2,649,243	9	2.65%				0.00%	
Occidental Chemical Corp.	2,105,443	10	2.10%		1,728,815	7	1.99%	
Koch	-				* 7,302,191	4	8.41%	
Equistar	-				2,304,653	6	2.66%	
Interstate Grain Port Terminal	-				1,473,071	8	1.70%	
Bay, Ltd	-				741,038	9	0.85%	
Oxbow Carbon & Minerals LLC	-				726,378	10	0.84%	
Subtotal (10 largest)	91,235,636		91.17%		82,574,545		95.15%	
Other	8,838,288		8.83%		4,211,405		4.85%	
Total	100,073,924		100.00%		86,785,950		100.00%	

\* Flint Hills was formerly Koch Petroleum

\*\* NuStar Logistics was formerly Diamond Shamrock

TABLE 9 (Unaudited)

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

**Ratios of Outstanding Debt  
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue Bonds	\$ 14,120,000	\$ 13,080,000	\$ 12,005,000	\$ 10,885,000	\$ 9,725,000	\$ 8,515,000	\$ 7,250,000	\$ -	\$ -	\$ -
Capital Leases	-	-	47,622	46,215	27,384	10,285	521	-	-	-
Total Outstanding Debt	\$ 14,120,000	\$ 13,080,000	\$ 12,052,622	\$ 10,931,215	\$ 9,752,384	\$ 8,525,285	\$ 7,250,521	\$ -	\$ -	\$ -
Per Capita	\$473	\$408	\$354	\$299	\$277	\$231	\$188	\$ -	\$ -	\$ -
Percent of Personal Income	0.11%	0.10%	0.08%	0.07%	0.06%	0.05%	0.04%	-	-	-

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

**TABLE 10 (Unaudited)**

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

**Revenue Bond Coverage  
Last Ten Years**

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (A)		
				Principal	Interest	Total
2005	\$ 33,955,080	\$ 26,500,198	\$ 7,454,882	\$ 1,283,636	\$ 387,819	\$ 1,671,455
2006	37,306,108	29,145,654	8,160,454	1,308,000	363,385	1,671,385
2007	46,159,781	33,913,508	12,246,273	1,333,889	337,589	1,671,478
2008	51,983,640	34,850,477	17,133,163	1,360,625	310,516	1,671,141
2009	47,035,575	35,727,525	11,308,050	1,389,286	282,198	1,671,484
2010	53,044,774	35,187,721	17,857,053	1,419,167	252,450	1,671,617
2011	63,068,438	36,591,098	26,477,340	1,450,000	221,259	1,671,259
2012	62,805,453	40,557,109	22,248,344	-	-	-
2013	78,042,224	33,522,081	44,520,143	-	-	-
2014	82,372,450	39,259,158	43,113,292	-	-	-

(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**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014(E)
Population (1)	416,308	419,530	420,407	423,168	427,262	428,018	430,883	436,709	442,600	445,110
Personal Income-(in thousands) (1)	\$ 12,423,851	\$ 13,451,305	\$ 14,309,054	\$ 15,491,817	\$ 15,033,219	\$ 15,777,707	\$ 16,942,076	\$ 18,170,868	\$ 18,735,882	\$ 19,583,593
Per Capita Personal Income (1)	\$29,843	\$32,063	\$34,036	\$36,609	\$35,185	\$36,862	\$38,609	\$40,796	\$42,331	\$43,997
Unemployment rate (2)	5.60%	4.90%	4.40%	4.70%	6.90%	8.10%	8.00%	6.50%	6.00%	5.05%

Source:

- (1) Bureau of Economic Analysis (updated November 20, 2014 with revised estimates for 2005-2012)  
(2) Bureau of Labor Statistics

(E) Estimate of 2014 population from the Texas Department of State Health Services

<u>Unemployment % 2014</u>	
Jan	5.60%
Feb	5.60%
Mar	5.10%
Apr	4.60%
May	4.90%
Jun	5.30%
Jul	5.40%
Aug	5.40%
Sep	4.80%
Oct	4.90%
Nov	4.70%
Dec	4.30%
Avg	<u><u>5.05%</u></u>

TABLE 12 (Unaudited)

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

**Principal Employers  
December 31, 2014 and 2005**

Employer	2014			2005*		
	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	2.74%	-	-	-
Corpus Christi ISD	5,178	2	2.44%	-	-	-
Christus Spohn Health System	5,144	3	2.43%	-	-	-
HEB Grocery Co.	5,000	4	2.36%	-	-	-
City of Corpus Christi	3,171	5	1.50%	-	-	-
Naval Air Station Corpus Christi	2,822	6	1.33%	-	-	-
Bay, Ltd.	2,100	7	0.99%	-	-	-
Driscoll Children's Hospital	1,800	8	0.85%	-	-	-
Del Mar College	1,542	9	0.73%	-	-	-
Corpus Christi Medical Center	1,300	10	0.61%	-	-	-
Total	33,857		15.98%	-		-

Corpus Christi Regional Economic and Development Corporation  
Bureau of Labor Statistics

\* Information for 2005 not available



TABLE 13 (Unaudited)

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

**Employees by Function  
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Operations:</b>										
Cold Storage Facility	13	13	12	9	-	-	-	-	-	-
Bulk Terminal Facility	16	17	16	17	17	14	17	18	22	23
Harbormaster's Office	12	11	10	10	10	9	9	9	9	8
Lift Bridge	8	8	5	-	-	-	-	-	-	-
Maintenance	38	39	43	43	48	46	45	45	38	40
Police Department	21	22	40	44	49	51	46	44	43	48
	108	110	126	123	124	120	117	116	112	119
<b>Administration:</b>										
Executive Director	2	2	2	5	4	6	2	2	2	3
Managing Director	-	-	-	-	-	-	-	2	2	2
Deputy Port Director	-	-	-	3	4	4	4	2	-	-
Government Affairs	1	1	1	1	1	1	1	1	1	1
Human Resources	4	4	5	5	5	5	5	5	5	5
Business Development	8	7	7	5	7	3	3	3	4	4
Communications	-	-	-	-	-	2	3	3	3	4
Property & Industrial Development	1	1	1	1	1	1	3	3	3	3
Finance and Administration	2	2	2	2	2	2	2	2	2	2
Accounting	8	8	8	9	9	7	8	8	10	9
Information Technology	7	7	9	9	7	7	6	7	6	8
Engineering	11	13	13	10	14	12	12	12	14	19
Operations	7	7	7	5	7	4	4	4	5	5
	51	52	55	55	61	54	53	54	57	65
	159	162	181	178	185	174	170	170	169	184

TABLE 14 (Unaudited)

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

	2010	2011	2012	2013	2014
Harbor divisions	6	6	6	6	7
Turning basins	5	5	5	5	6
Corpus Christi Ship Channel (miles)	35	35	35	35	37
Authorized channel draft (feet)	45	45	45	45	45
General cargo docks	8	8	7	7	7
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)	295,000	295,000	295,000	295,000	295,000
Dockside rail access (docks)	4	4	4	4	4
Roll-on/ Roll-off ramps	1	1	1	1	1
Liquid bulk docks	11	11	11	12	13
Ship	6	6	6	6	7
Barge	5	5	5	6	6
Bulk material docks	2	2	2	2	2
Gantry cranes	1	1	1	1	1
Unloading rate per hour (short tons)	600	600	600	600	600
Radial ship loaders	1	1	1	1	1
Loading rate per hour (short tons)	1,500	1,500	1,500	1,500	1,500
Layberth facilities/docks	3	3	3	3	3
Intermodal terminal	1	1	1	1	1
Open storage (acres)	28	30	30	30	35
Container handling machines	2	2	0	0	0
Bagging facilities	2	2	2	2	2
Grain	1	1	1	1	1
General purpose	1	1	1	1	1
Grain elevator	1	1	1	1	1
Bushel capacity (bushels)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Ship loading capacity per hour (bushels)	120,000	120,000	120,000	120,000	120,000
Truck unloading capacity per hour (bushels)	40,000	40,000	40,000	40,000	40,000
Railcar unloading capacity per hour (bushels)	80,000	80,000	80,000	80,000	80,000
Cotton warehouses	1	1	1	1	1
Covered storage (square feet)	575,000	575,000	575,000	575,000	575,000
Multi-purpose cruise terminal/meeting banquet center	1	1	1	1	1
Meeting rooms	5	5	5	5	5
Banquet hall	1	1	1	1	1
Outdoor plaza	1	1	1	1	1
Indoor square feet (approximate)	24,000	24,000	24,000	24,000	24,000
Outdoor square feet (approximate)	50,000	50,000	50,000	50,000	50,000
Industrial parks	1	1	1	1	1
Acreage	318	318	318	285	285
Barge canals	2	2	2	2	2
Land					
Submerged (acres)	18,750	18,750	18,750	17,770	17,770
Emergded (acres)	6,250	6,256	5,822	7,286	7,296
Dredge Placement Areas	4,688	4,688	4,688	4,974	4,974
Open storage/development (acres)	2,400	2,400	2,400	2,312	2,322
Railroads					
Railway (miles)	37	42	42	43	45
Security Command Center	1	1	1	1	1
Naval Station Ingleside					
Land-emergded (acres)	483	480	-	-	-
Land-submerged (acres)	429	429	-	-	-
Wharfs and piers (linear feet)	4050	3450	-	-	-
Buildings-office/classrooms,barracks,warehouse (sq ft)	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 (Overfunded)		UAAAL As a Percentage of Covered Payroll
				Actuarial Accrued Liability (UAAAL)	Annual Covered Payroll	
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%
2011	28,148,929	28,169,728	99.9%	20,799	10,531,666	0.2%
2012	29,524,708	29,044,854	101.7%	(479,854)	10,982,221	(4.4%)
2013	31,917,556	30,786,850	103.7%	(1,130,706)	11,312,022	(10.0%)

TABLE 16 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS**
**Schedule of Insurance in Force  
December 31, 2014**

Details of Coverage	Policy Period	Deductible	Liability Limits
All Risk Property	04/01/14-15	\$5,000,000/\$100,000	\$ 100,000,000
Federal Flood Insurance	Varies	1,000	500,000
Boiler and Machinery	04/01/14-15	5,000	1,000,000 30,000,000
Business Auto Liability	10/01/14-15	5,000/10,000	10,000,000
Group Travel Accident	01/11/14-17	-	750,000
Foreign Liability	10/01/14-15	-	1,000,000
Non-owned Aircraft Liability	10/01/14-15	-	2,000,000
Marine Liability and Primary P&I	10/01/14-15	50,000	20,000,000
Firebarge Hull & Machinery	10/01/14-15	25,000	3,500,000
29' Safeboat Hull & Machinery	10/01/14-15	25,000	159,065
31' Safeboat Hull & Machinery			350,000
Other boats & motors			224,895
Firebarge and Excess P&I	10/01/14-15	50,000	80,000,000 excess of 20,000,000
Errors and Omissions Liability	10/01/14-15	10,000	5,000,000/10,000,000
Law Enforcement Liability	10/01/14-15	10,000	5,000,000/10,000,000
Executive Risk	10/01/13-16	-	250,000/1,250,000
Customs Bond - FTZ Operator	09/28/14-15	-	250,000
International Carrier Bond	02/15/14-15	-	100,000
Employee Fidelity (Crime) Bond	12/21/11-14	25,000	2,000,000
Public Officials Bonds (8)	Varies	-	5,000
Workers' Compensation	01/01/14-15	-	Statutory
Terrorism	04/01/14-15	50,000	25,000,000

**PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data  
December 31, 2014**

<b>Date of Incorporation:</b>	1922			
<b>Form of Government:</b>	A public corporation and political subdivision of the State of Texas			
<b>Number of Employees:</b>	184			
<b>Geographic Location:</b>	Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border			
<b>Area:</b>	7,286 - Emergent acres 17,770 - Submerged acres			
<b>Population:</b>	<b>Year</b>	<b>City of Corpus Christi</b>	<b>Nueces County</b>	<b>San Patricio County</b>
	1920	10,522	22,807	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
<b>Elevation:</b>	Sea level to 85 feet, average 35 feet			
<b>Tidal Data:</b>				
<b>Average Water Level:</b>				
Inner Harbor	2.08 feet above Mean Low Tide (MLT)			
<b>Tidal Range:</b>				
Inner Harbor	Insignificant			
Aransas Pass	1.5 feet			
<b>Aerial Clearance:</b>				
Harbor Bridge	138 feet			
<b>Temperature:</b>	Annual Average - 71.6° January Average - 55.1° July Average - 84.1°			
<b>Average Seasonal Rainfall:</b>	30.1			

**PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data  
December 31, 2014**
**Public Docks:**

Bulk liquid	13 - Main Harbor
Dry cargo	6 - Main Harbor
Dry cargo	1 - Rincon
Bulk materials	2 - Main Harbor
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**Private Docks:**

Bulk liquid	- Citgo	7 - Main Harbor
	- Equistar	1 - Main Harbor
	- Flint Hills	3 - Main Harbor
	- Flint Hills	1 - Ingleside
	- NuStar	1 - Main Harbor
	- Trafigura	5 - Main Harbor
	- Valero	6 - Main Harbor
	- Occidental Chemical	1 - La Quinta
	- Koch Gathering	1 - Ingleside
Dry cargo	- Bay Inc.	1 - Main Harbor
	- Heldenfels	1 - Main Harbor
	- Texas Lehigh Cement	1 - Main Harbor
	- Tor Minerals International, Inc.	1 - Rincon
	- McDermott	1 - Harbor Island
	- Gulf Marine Fabricators	2 - Ingleside
	- Kiewit Offshore Services, Inc.	1 - Ingleside
	- Helix Energy Solutions	1 - LaQuinta
	- Voestalpine	1 - LaQuinta
	- Occidental Chemical (NSI)	3 - Ingleside
	- 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
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**Liquid Bulk  
& Breakbulk  
763,869  
SHORT TONS**

# SINGLE AUDIT SECTION



**PORTCORPUSCHRISTI™**





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 31, 2015

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Port of Corpus Christi Authority as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 31, 2015.

## **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Collier, Johnson & Woods*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

March 31, 2015

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

**Report on Compliance for Each Major Federal Program**

We have audited the Port of Corpus Christi Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

## Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Collier, Johnson & Woods*



PORT OF CORPUS CHRISTI AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014

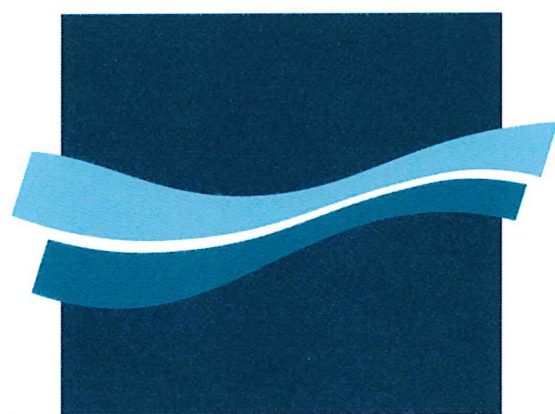
I. Summary of Audit Results:

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Port of Corpus Christi Authority.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of the Port of Corpus Christi Authority which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control over Compliance in Accordance with OMB Circular A-133."
5. The auditor's report on compliance for major Federal award programs for the Port of Corpus Christi Authority expresses an unmodified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with 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  
National Infrastructure Investments Discretionary Grant (CFDA – 20.933)
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The Authority was determined to be a low-risk auditee.

II. Findings related to the financial statements – None

III. Findings and questioned costs for Federal awards – None

IV. Prior year audit findings requiring corrective action – None



**PORTCORPUSCHRISTI**

**PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS**  
**SCHEDULE OF FEDERAL EXPENDITURES OF AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<b>Federal Assistance</b>			
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #13	97.056	EMW-2013-PU-00309	\$ 211,589
Total Direct Programs			<u>211,589</u>
Passed through W.J. Wagner, Inc.			
Port Security Grant #11-Security Equipment Upkeep	97.056	EMW-2011-PU-K00178-02	345,217
Port Security Grant #11-Nueces River Rail Surveillance	97.056	EMW-2011-PU-K00178-07	260,591
Port Security Grant #11-Nueces River Rail Fencing	97.056	EMW-2011-PU-K00178-09	497,342
Total Passed Through Programs			<u>1,103,150</u>
Total U.S. Department of Homeland Security			<u>1,314,739</u>
U.S. Department of Transportation			
Direct Programs			
Maritime Administration			
National Infrastructure Investments Discretionary Grant	20.933	DTMA-91-G-2012-0004	<u>7,173,277</u>
Total U.S. Department of Transportation			<u>7,173,277</u>
Total Federal and passed through assistance			<u>\$ 8,488,016</u>

**PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**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.

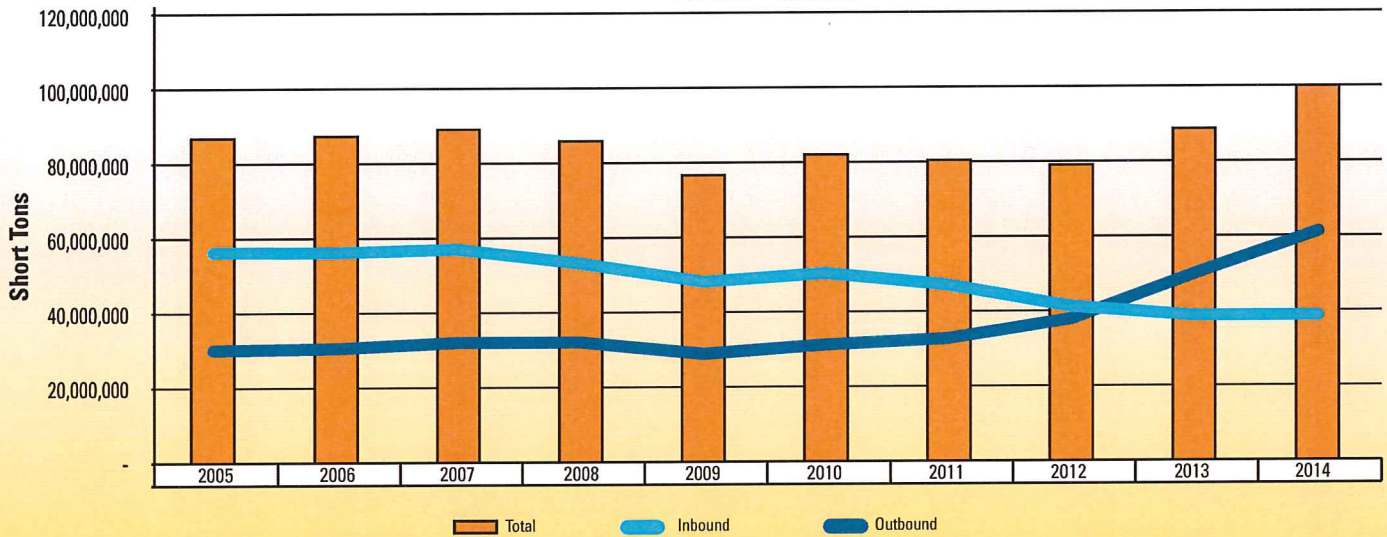
**2. Basis of Accounting**

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.

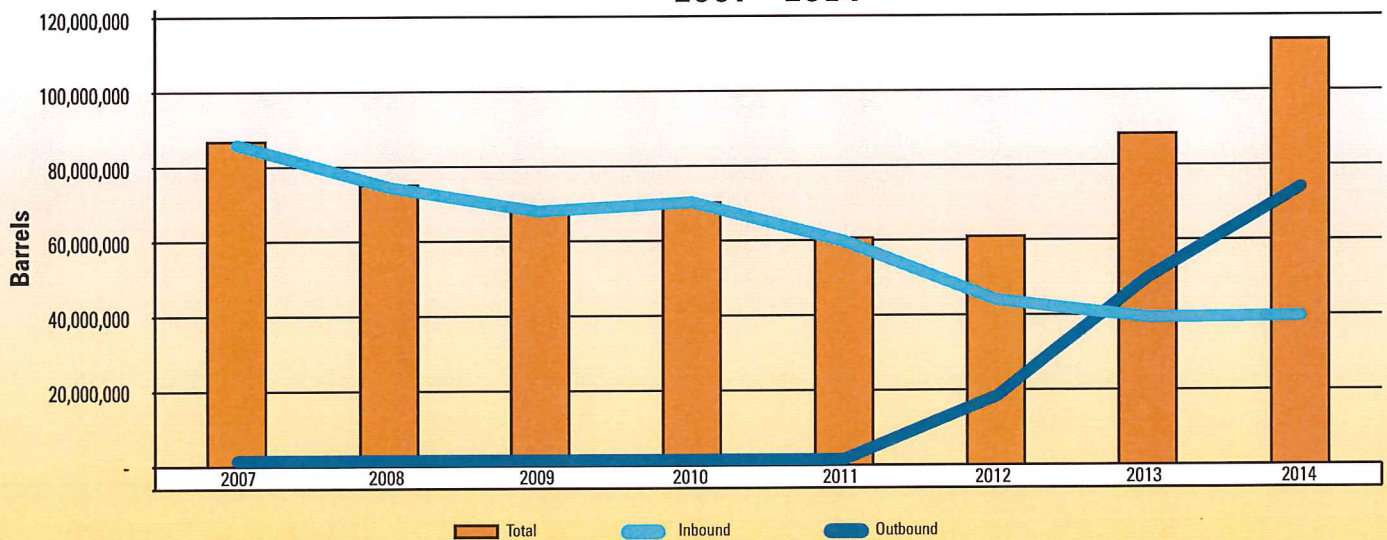
## Port Corpus Christi had a record breaking year in tonnage!

	2013	2014	%
Petroleum	74,260,467	84,383,180	13.63%
Dry Bulk	8,700,428	8,651,138	-0.57%
Grain	2,984,208	4,070,315	36.40%
Chemical	1,951,762	2,205,422	13.00%
Liquid Bulk	475,785	493,850	3.80%
Breakbulk	327,199	270,019	-17.48%
<b>Total</b>	<b>88,699,849</b>	<b>100,073,924</b>	<b>12.82%</b>

### Total Tonnage Inbound - Outbound 2005 - 2014



### Crude Inbound - Outbound 2007 - 2014





Port Corpus Christi

The Port  
of the  
Lone Star  
State<sup>TM</sup>



**PORTCORPUSCHRISTI<sup>TM</sup>**