



PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Comprehensive Annual Financial Report
For the Years Ended December 31, 2016 and 2015



PORT CORPUS CHRISTI®

The 90th Anniversary of Port Corpus Christi marked a decade of growth, expansion, and new heights. Each photo on the financial report covers highlights the year's milestones.

- Cover: Harbor Bridge Groundbreaking Ceremony with Governor Greg Abbott
- Introductory: Groundbreaking Ceremony, Oil Dock 15 Construction
- Financial: Groundbreaking Ceremony, Oil Dock 15 Construction
- Supplemental: Nueces River Rail Yard, Phase I Completion, Phase II Construction
- Statistical: M&G Chemicals in full construction mode
- Single Audit: voestalpine Texas begins production
- Continuing Bond: Cheniere in full construction mode



PORTCORPUSCHRISTI®

Comprehensive Annual Financial Report

Port of Corpus Christi Authority of Nueces County, Texas

For the Years Ended December 31, 2016 and 2015

Prepared by the Finance Department

Dennis J. DeVries
Chief Financial Officer

INTRODUCTORY SECTION

Future Site of
OIL DOCK 15

 **PORT CORPUS CHRISTI**

 **MARTIN**
MIDSTREAM
PARTNERS



PORT CORPUS CHRISTI

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April 12, 2017

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, 2016.

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, 2016. 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 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 fifty privately owned and/or operated docks are located at the Port of Corpus Christi, 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; it is the third ranked petrochemical/hydrocarbon port in the United States. The Authority has served the local economy for ninety years, and is continually diversifying, upgrading and expanding its' facilities to better serve South Texas industry and shippers. Local Port industries as well have made significant 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: "leverage commerce to drive prosperity" and it is the vision of the Port of Corpus Christi "to be the energy port of the Americas." In pursuit of this mission, the Authority shall be guided by the following basic principles: (1) conduct affairs in a positive, open, and cooperative manner; (2) the Authority shall be operated in a fiscally responsible manner; (3) the Authority shall be a positive and proactive force in the protection of

the region's marine and water related resources; and (4) the Authority shall be committed to serving its customers, present and future.

Economic development means attracting industrial and commercial activity, private capital and waterborne cargo shipments that will create employment opportunities, sustaining and upgrading existing jobs, introducing new investment dollars to the area and broadening the tax base that supports all public services. The findings from a 2015 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 Congressman Solomon P. Ortiz International Center. The previous economic impact study for the Authority was in 2011. Four years later, the 2015 report showed similar increases. In 2011, the Authority created 66,502 jobs, generated \$314.9 million in state and local taxes, and provided \$13.1 billion in business revenue. Today, the Authority creates approximately 76,377 jobs with 13,770 direct jobs generated from marine cargo and vessel activity. The Authority generates an additional 14,456 induced jobs that are the result of purchases by the direct jobs. The remainder of total jobs is comprised of 16,212 indirect jobs supported by the local purchases by businesses supplying services or dependent upon the Authority and 31,938 related user jobs from shippers and consignees. The 76,377 jobs provided \$4.7 billion in personal income for families throughout the Coastal Bend. Authority operations generated \$15 billion in revenue for businesses providing services to the Authority and port industries, and the Ortiz Center. More than \$353.41 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 commerce 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. The Authority is regularly updating the Port's Economic Impact Study. Since the last study, the Authority has experienced significant growth from the effects of expansions at existing plants and new industries coming on line. Accordingly, the Authority anticipates that the next update to the study will reveal further increases in the impact the Authority has on the local 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, revenue bond proceeds, and the Authority's unrestricted net position of \$180 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 feet 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 a Limited Reevaluation Report was completed in December 2015 to update project costs and benefits of the remaining elements of the authorized project. Follow-on contracts to deepen and widen the Corpus Christi Ship Channel and to add barge shelves are pending appropriation of funding. In December 2016, the Water Infrastructure Improvements Act for the Nation (WIIN) Act was signed into law. The WIIN Act, which includes the Water Resources Development Act (WRDA) of 2016, authorizes port, waterway, flood protection improvements and other water resources infrastructure critical to the Nation's economic growth, health and competitiveness. The WIIN Act is a major victory for the Port's Corpus Christi Ship Channel – Channel Improvement Project as it includes numerous provisions that will benefit the project:

- It modernizes the cost share depth for deep draft channel projects changing the Port's cost share for the Channel Improvement Project from 50% to 25% for dredging depths between 20 feet and 50 feet.
- Includes language that clarifies that the remaining unconstructed separable elements of the congressionally authorized Channel Improvement Project can begin the next phase of work. This important provision will allow the Army Corps of Engineers to enter into a Project Partnership Agreement with the Port to continue and construct the remaining work on the project.
- Includes feasibility studies to investigate navigation projects including the widening and deepening of the La Quinta Ship Channel from 45 feet to 52 feet to match the authorized depth of the Channel Improvement Project and construction of a new turning basin near the entrance to the Inner Harbor.

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 development of the Authority's 1,000-acre La Quinta property site. The envisioned development included a multi-purpose cargo dock and terminal facility with a capacity for a wide variety of general cargo such as military equipment, automobiles, project cargo, wind turbine components, steel pipe and other bulk and breakbulk commodities. Designs for an initial phase of both the water and land-side infrastructure improvements for the multipurpose facility began in 2014 and are essentially complete. Development of a cargo dock and storage yard at the La Quinta site is considered a strategic project and will be executed after a source of revenue is identified.

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 475 acres. voestalpine's initial construction of a hot briquetted iron (HBI) facility including a 1,000-foot long dry bulk dock along the La Quinta Channel extension was completed and production started in October of 2016. The HBI plant provides 190 direct jobs and will produce 2 million tons of HBI per year.

The Port is also supporting potential industrial development in the general area of the La Quinta Gateway Terminal that could result in the construction of an initial phase of the planned general purpose cargo dock, a liquid bulk dock, and related upland and road facilities. In additional plans to develop a vegetated buffer area between the La Quinta property and adjacent

residential neighborhoods is proceeding. The buffer area will provide a visual, light, and sound buffer between the industrial area and residential housing.

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 1 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 200 railcars. Phase I of the project was completed in 2015 at a cost of \$18.9 Million. Funding was provided by a \$10 million USDOT 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, for a total of eight sidings averaging 8,500 feet long. The total cost of Phase II is approximately \$28 million, with \$22 million in funding from TXDOT and the remainder from revenue bond proceeds. Phase II of the project is under construction with completion scheduled in first quarter 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 operations at the Authority.

MAJOR INITIATIVES – 2016

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 tenth year of ISO 14001 certification and its twelfth year of implementation. In 2016, the Authority was in the top 2-3% worldwide that achieved ISO 14001 certification to the newly revised standard and well ahead of the 2019 mandate to comply with the new standard. 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 ten 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. The Port Commission approved a revised Environmental Policy. The Environmental Policy states that all new business operations and developments in the port will consider and address five environmental precepts: (1) air quality, (2) water quality, (3) soils and sediments, (4) wildlife habitat, and (5) environmental sustainability. In 2016, the Authority continued to purchase 10% of its total electricity from green energy sources which equated to 870,059 kilowatt hours. The Authority has maintained a very successful recycling program that has recycled over 943,914 pounds of material that would have otherwise gone as waste to a landfill. Additionally, 60,071 gallons of liquids have been recycled. In 2016, the Authority Bulk Terminal was recognized by the Regional Health Awareness Board for its efforts in reducing dust through the implementation of an air monitoring network. Also in 2016, the Authority obtained Green Marine certification which is a program for ports, terminals and shipyards that demonstrates a commitment to continually reduce an organizations environmental footprint. The certification process is rigorous and transparent. Environmental improvements are benchmarked and reported annually. Green Marine publishes the results of all its members annually.

Wind Energy

In 2016 American wind farms provided 5.5% of the supply to the electrical grid in the US. In five heartland states more than 20% of the electrical consumption was supplied from wind farms last year. Wind Power installations in Texas led the way in 2016 with over 20,000 megawatt (MW) installed capacity, while the United States in total has 82,000 megawatts (MW) and over 52,000 wind turbines installed across more than 1,000 large scale wind projects. The Port of Corpus Christi Authority provides access to general cargo docks, close by staging areas, three class I rail roads and uncongested highway systems, which offers the necessary transportation modes to assure efficient and cost effective deliveries for all types of project cargo, including wind turbine components. In 2016, the wind turbine cargo volume moving through the Port increased over 10% compared to the previous year and with the 5-year extension of the Production Tax Credit (PTC), it is expected to result in continued strong volume of wind energy cargo over the coming years. Wind-rich Texas leads the nation with most wind power projects under construction. The Port is well located with easy access to major Wind Power project sites in Texas, the Great Plains and strives to maintain its established position within this renewable energy industry as the preferred “Wind Energy Port of the Gulf”, thus adhering to its vision to be THE energy port of the Americas.

Crude Oil - Eagle Ford and Permian Basin Shale Plays

The Eagle Ford Shale Play in South Texas and Permian Basin in West Texas continues to be a significant economic stimulator for the Region, State and the Nation. The startup in April 2015 of the Cactus Pipeline from West Texas to South Texas provides an efficient route for moving crude oil from the prolific Permian Basin to the Port of Corpus Christi. The lifting of the 40-year ban on crude oil export in December 2015 allows U.S. crude oil producers to export crude oil to global markets and on December 31, 2015, the Port of Corpus Christi made history as the tanker Theo T sailed to Europe with crude oil from the U.S. Although the price of crude oil has dropped since the peak in 2014 of more than \$100 per barrel of West Texas Intermediate and caused drilling exploration to slow down, the Port Authority continues to play a vital role as a major refinery hub, as well as logistical and distribution center for cargoes used in drilling, fracturing, and pipeline projects. Our proximity to the Gulf Coast and the deep draft ship channel allow us to be an ideal solution for oil and gas companies looking to build marine terminals and storage hubs to import heavy crude and export refined products or transport light crude oil and condensate to refineries worldwide. Barite continues to come by dry bulk vessels from China, Morocco, India and Mexico, while frac-sand comes by rail and barge from the upper Midwest USA. 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 and Permian Basin Shale.

On-going Construction Projects

Projects that carried over, were completed or ongoing, or were initiated in 2016 include construction of Phase II of the Nueces River Rail Yard, Oil Dock 14, Oil Dock 15, the reconstruction and upgrade of Sam Rankin road that provides access to the Southside Terminal and Al Speight Cargo Yard, repairs and upgrades to Bulk Dock 2 marine structures, installation of temporary Aids to Navigation at the San Patricio Turning Basin on the La Quinta Channel, La Quinta Terminal Mitigation Aquatic Habitat Development (Phases I and II), improvements at existing open storage yards, , and several security grant projects that added security lighting, security fencing, and upgrades and replacement of security cameras and surveillance equipment. Security improvements are integrated with a command and control system that ensures that the Authority and its customers are being properly safeguarded. Other projects completed in 2016 included the installation of electrical upgrades and new roofing for the maintenance facility buildings, new roofing of the bulk terminal facility building, construction of a waterline extension at the Joe Fulton International Trade Corridor, drainage improvements at Savage Lane

railroad, repairs to the bridge at Oil Dock 11, fire line improvements at Oil Dock 2, construction of a new dock house at Oil Dock 10, the replacement of conveyor idlers at the Bulk Terminal, the replacement of the chiller at the Annex Building, and roadway and parking lot improvements at various port facilities.

In addition to the Port projects, construction of the New US Highway 181 Harbor Bridge over the Corpus Christi Ship Channel was initiated. This 205-foot high bridge is being constructed by the Texas Department of Transportation (TxDOT), and with the main bridge span at 1,661 feet long, it will be the longest in the USA. As the main towers are located on port property and the bridge crosses port property and the ship channel, significant coordination between the bridge developer, Flatiron – Dragados, LLC, TxDOT, and the Port are required to allow bridge construction and port operations to proceed smoothly and with minimal mutual impact. In conjunction with the New Harbor Bridge Project, the Port is administering a voluntary property purchase program to allow residents near the new harbor bridge to sell their property and relocate. The Port will take position of properties sold for future port related development.

Marketing and Business Development Focus

To continue the growth of the Authority's cargo tonnage, the strategy is on cargo diversification including three focus areas for the Business Development team: 1) Wind Energy/Project Cargo, 2) Dry Bulk/General Cargo and 3) Latin American Trade Development. However, energy commodities will continue to be the major revenue source for the Port and the Energy Reform in Mexico creates new opportunities for export of Diesel, Gasoline and Propane via rail to major population centers inland Mexico. The Port is located close to Monterrey, Mexico and is pursuing trade development opportunities and logistics solutions to support the steel and automobile manufacturing sector, etc. The Authority continues to implement a targeted marketing effort for pro-actively identifying new business development opportunities and seeking to attract new foreign direct investments. The abundance of Natural Gas and security of supply is a big driver for companies considering to build a manufacturing plant in the Corpus Christi region. Similarly, the increasing production of ethane gas and the 500-mile ethane pipeline header system from Corpus Christi via Mont Belvieu's massive storage caverns to the Mississippi River, creates an opportunity to attract new ethane cracker facilities for production of ethylene and ethylene glycol and polyethylene plastics plants using ethylene as feedstock.

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 United States – 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, 2015. This was the thirty-third consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of

Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Respectfully Submitted,



John P. LaRue
Executive Director



Dennis J. DeVries
Chief Financial Officer



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, 2015

Executive Director/CEO

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

**Organization Chart
December 31, 2016**

PORT COMMISSION, PORT OF CORPUS CHRISTI AUTHORITY

Executive Director		John P. LaRue
Chief Operating Officer/Deputy Executive Director		Sean Strawbridge
Chief Financial Officer		Dennis J. DeVries
Chief Accountant		Audre Debler
Manager of Procurement & Financial Analysis		Lynn Angerstein
Risk Program Manager		Donna James-Spruce
Director of Information Technology		Tyler Fuhrken
Director of Human Resources		Sandra Terrell-Davis
Chief Commercial Officer		Jarl Pedersen
Manager of Foreign Trade Zone		Carol Carrasco Rodriguez
Manager of Business Development Wind Energy & Project Cargo		Maggie Iglesias-Turner
Market Strategy & Financial Analysis		Tara Perry
Director of Business Development		Ruben C. Medina
Director of Real Estate		Darrin Aldrich
Director of Communications		Patricia Cardenas
Director of Community Relations		Rosie Gonzalez Collin
Director of Engineering Services		David Krams
Chief Engineer		David L. Michaelsen
Chief of Channel Development		Dan Koesema
Chief of Planning and Design		Brett Flint
Chief of Program Management		Sonya Lopez-Sosa
Director of Environmental Planning and Compliance		Sarah Garza
Director of Operations		Vacant
Harbormaster		Ray Harrison
Manager of Bulk Terminal		Richard "Eric" Battersby
Manager of Dock and Rail Operations		John Slubar
Maintenance Manager		David Villarreal
Safety Manager		Angela Leyva
Director of Port Security		Tom Mylett
Police Captain		Eric Giannamore
Manager of Emergency Management		Danielle Hale
Director of Government Affairs		Nelda Olivo

PORT COMMISSIONERS

Charles W. Zahn, Jr., Chairman

Wayne Squires, Vice Chairman

Barbara Canales, Secretary

David Engel, Commissioner

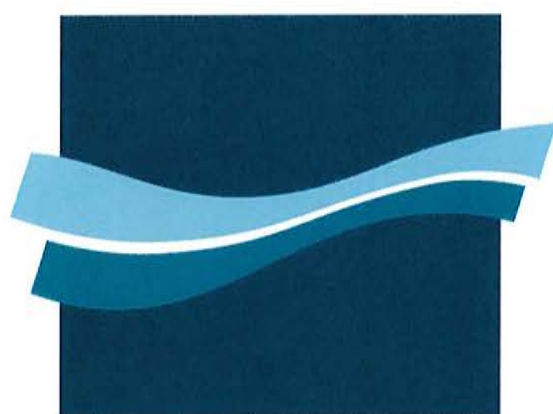
Richard R. Valls, Jr., Commissioner

Richard L. Bowers, Commissioner

Wes Hoskins, Commissioner

EXECUTIVE STAFF

John P. LaRue, Executive Director
Sean Strawbridge, Deputy Executive Director/Chief Operating Officer
Jarl Pedersen, Chief Commercial Officer
Dennis J. DeVries, Chief Financial Officer
Ruben C. Medina, Director of Business Development
Patricia Cardenas, Director of Communications
Rosie Gonzalez Collin, Director of Community Relations
David Krams, Director of Engineering Services
Sarah Garza, Director of Environmental Planning & Compliance
Nelda Olivo, Director of Government Affairs
Sandra Terrell-Davis, Director of Human Resources
Tyler Fuhrken, Director of Information Technology
Vacant, Director of Operations
Tom Mylett, Director of Port Security
Darrin Aldrich, Director of Real Estate



PORTCORPUSCHRISTI

FINANCIAL SECTION



PORT CORPUS CHRISTI®

COLLIER, JOHNSON & WOODS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

April 12, 2017

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, 2016 and 2015, 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, 2016 and 2015, 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.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, certain errors that caused depreciation expense and accumulated depreciation to be overstated at December 31, 2015, were discovered by management of the Authority in the current year. Accordingly, these amounts have been restated in the December 31, 2015 financial statements now presented and an adjustment has been made to net positions as of December 31, 2015 to correct the error. Our opinion is not modified with respect to this matter.

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 17 and other required supplementary information on page 50 through 52 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, page 102 and 103, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

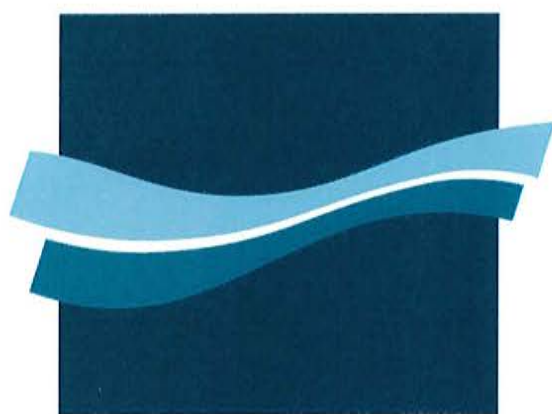
The supplemental schedules and the schedule of federal expenditures of awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing 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 April 12, 2017 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

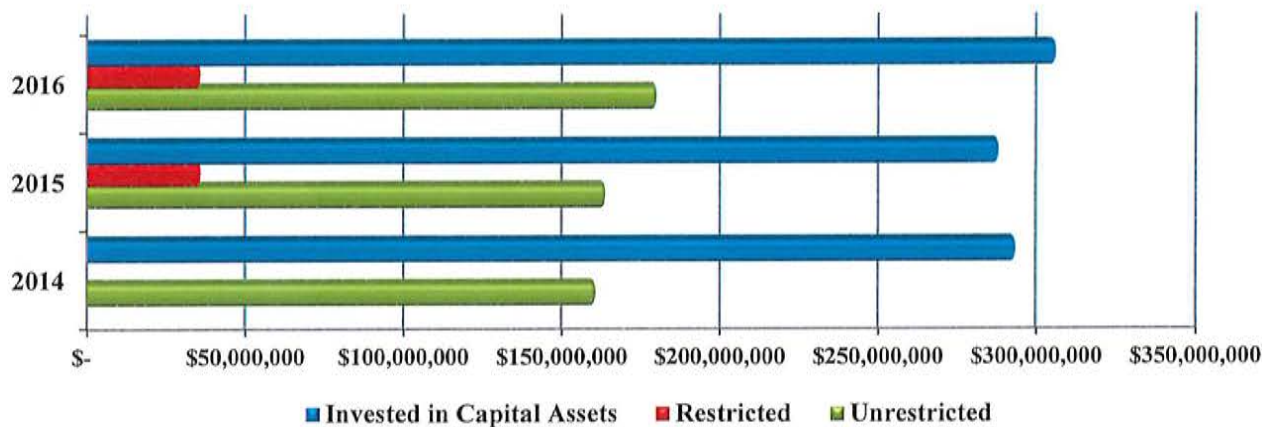


PORTCORPUSCHRISTI

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
Management's Discussion and Analysis
December 31, 2016

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, 2016 and 2015. 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 total net position of the Authority at December 31, 2016 was \$522,082,829, increasing \$33,976,257 or 7.0% over the prior year. Income before contributions produced an increase in net position of \$20,847,404, and capital contributions provided an increase of \$13,128,853 to net position.
- The net investment in capital assets increased \$17,963,637 over the prior year as a result of capital additions net of depreciation and repayment of capital debt.
- Restricted net position decreased \$121,794 from the prior year due to expenditures of law enforcement seizure funds, net of interest earned, of \$13,492, and a reduction in the required restriction for debt service of \$108,302.
- Unrestricted net position of \$179,943,241 may be used to meet the Authority's current ongoing obligations to employees and creditors and increased \$16,134,414 over the prior year.

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 18 through 49 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.

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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.

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 pages 50-52 of this report.

FINANCIAL ANALYSIS

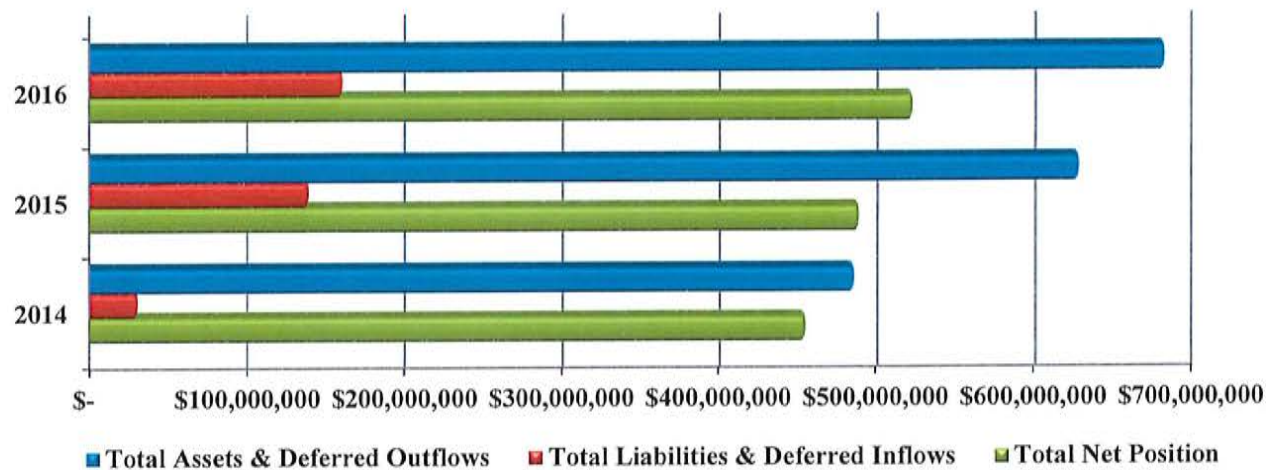
The fundamental question that is most asked of business is, as a whole "Are you better off or worse off as a result of the year's activities?" The Statement of Net Position, and the Statements of Revenues, Expenses, and Changes in Net Position report information about the Authority's activities in a 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.

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The following condensed Statement of Net Position provides an overview of the Authority's net position as of December 31, 2016, 2015 and 2014:



	2016	2015	2014	2016-15 Change	2015-14 Change
Assets					
Current assets	\$ 205,388,833	\$ 174,809,632	\$ 175,018,994	\$ 30,579,201	\$ (209,362)
Restricted assets	70,859,926	90,967,295	35,522	(20,107,369)	90,931,773
Capital assets	390,123,868	356,991,696	302,580,238	33,132,172	54,411,458
Other non-current assets	10,747,152	2,369,840	7,439,501	8,377,312	(5,069,661)
Total Assets	677,119,779	625,138,463	485,074,255	51,981,316	140,064,208
Deferred Outflows of Resources					
Deferred outflows related to pensions	5,529,207	1,958,889	-	3,570,318	1,958,889
Total Deferred Outflows of Resources	5,529,207	1,958,889	-	3,570,318	1,958,889
Liabilities					
Current liabilities	18,210,103	14,432,078	16,185,862	3,778,025	(1,753,784)
Long-term debt, net of current portion	106,245,000	110,640,000	-	(4,395,000)	110,640,000
Unearned revenue, net of current portion	31,423,818	10,755,796	11,424,330	20,668,022	(668,534)
Other liabilities	4,506,278	3,162,906	3,172,881	1,343,372	(9,975)
Total Liabilities	160,385,199	138,990,780	30,783,073	21,394,419	108,207,707
Deferred Inflows of Resources					
Deferred inflows related to pensions	180,958	-	-	180,958	-
Total Deferred Inflows of Resources	180,958	-	-	180,958	-
Net Position					
Net investment in capital assets	306,107,673	288,144,036	293,461,952	17,963,637	(5,317,916)
Restricted	36,031,915	36,153,709	35,522	(121,794)	36,118,187
Unrestricted	179,943,241	163,808,827	160,793,708	16,134,414	3,015,119
Total Net Position	\$ 522,082,829	\$ 488,106,572	\$ 454,291,182	\$ 33,976,257	\$ 33,815,390

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2016 – 2015

The Authority's net position of \$522,082,829 at the close of 2016 increased by \$33,976,257 over 2015. The largest portion of the Authority's net position (58.6%) 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 (34.5%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position (6.9%) represents resources that are subject to external legal restrictions on how they may be used.

The Authority's total assets and deferred outflows increased by \$55,551,634 (8.9%) over 2015. The majority of this change is from an increase in net capital assets of \$33,132,172 and an increase in current assets of \$30,579,201 which was largely due to the increase in cash, cash equivalents and investments of \$30,010,593. Restricted assets have decreased \$20,107,369 due to the expenditures in 2016 of revenue bond proceeds for capital projects.

The Authority's total liabilities and deferred inflows increased by \$21,575,377 (15.5%) over 2015. Unearned revenues, net of current portion increased by \$20,668,022 due to the recognition of lease revenues deferred to future periods.

2015 – 2014

The Authority's net position of \$488,106,572 at the close of 2015 increased by \$33,815,390 over 2014. The largest portion of the Authority's net position (59.0%) 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 (33.6%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position (7.4%) represents resources that are subject to external legal restrictions on how they may be used.

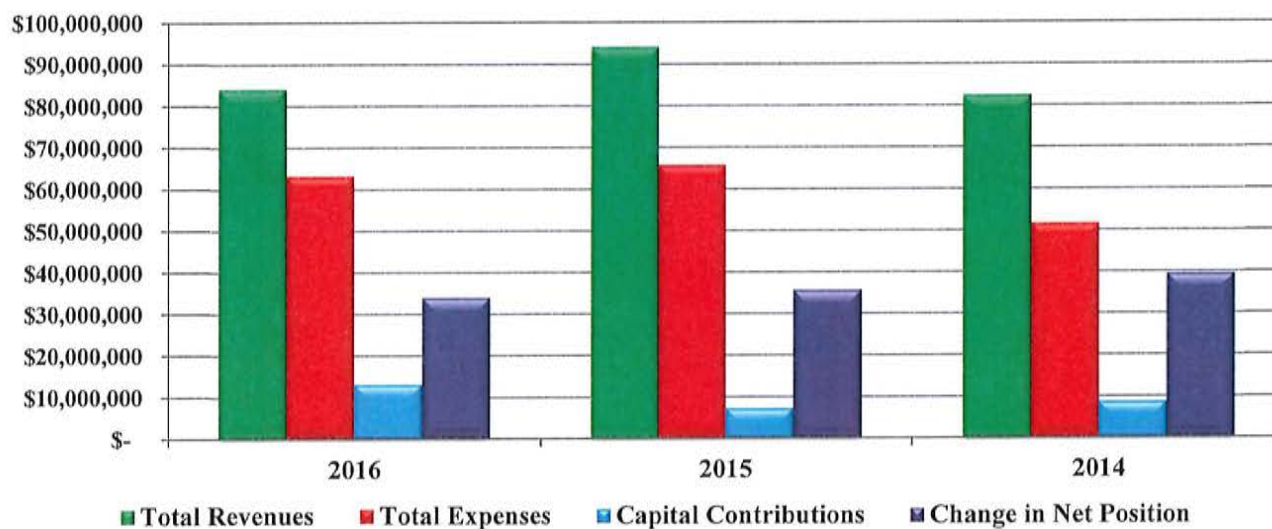
The Authority's total assets and deferred outflows increased by \$142,023,097 (29.3%) over 2014. The majority of this change is from an increase in restricted assets of \$90,931,773 and an increase in net capital assets of \$54,411,458.

The Authority's total liabilities increased by \$108,207,707 (351.5%) over 2014. An increase in long-term debt is the primary reason for the change.

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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, 2016, 2015 and 2014:

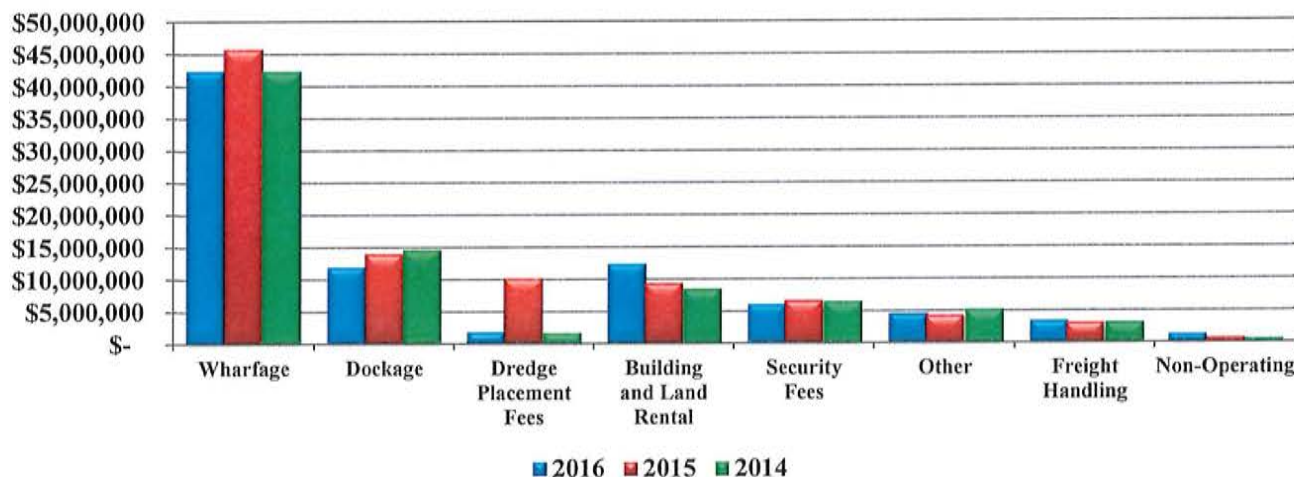


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	2016	2015	2014	2016-15 Variance	2015-14 Variance
Revenues					
Operating revenues:					
Wharfage	\$ 42,337,275	\$ 45,779,919	\$ 42,288,896	\$ (3,442,644)	\$ 3,491,023
Dockage	11,970,562	14,003,472	14,630,404	(2,032,910)	(626,932)
Security fees	6,070,139	6,673,782	6,460,860	(603,643)	212,922
Freight handling	3,463,593	3,153,285	3,133,303	310,308	19,982
Rail Charges	1,427,837	699,535	893,900	728,302	(194,365)
Building and land rentals	12,444,299	9,391,040	8,456,174	3,053,259	934,866
Conference center services	2,011,136	2,209,031	1,864,556	(197,895)	344,475
FTZ user fees	224,000	207,667	222,500	16,333	(14,833)
Dredge placement fees	1,870,497	10,151,880	1,669,714	(8,281,383)	8,482,166
Other	909,167	1,152,244	2,189,138	(243,077)	(1,036,894)
Total operating revenues	82,728,505	93,421,855	81,809,445	(10,693,350)	11,612,410
Investment income	1,184,692	518,374	341,754	666,318	176,620
Federal and other grant assistance	152,412	227,714	180,655	(75,302)	47,059
Gain on disposal of assets	-	-	40,596	-	(40,596)
Total Revenues	84,065,609	94,167,943	82,372,450	(10,102,334)	11,795,493
Expenses					
Operating expenses:					
Maintenance and operations	21,435,640	21,470,411	23,367,865	(34,771)	(1,897,454)
General and administrative	20,715,616	19,469,477	15,891,293	1,246,139	3,578,184
Depreciation	13,140,057	12,822,653	12,310,557	317,404	512,096
Total operating expenses	55,291,313	53,762,541	51,569,715	1,528,772	2,192,826
Interest expense and fiscal charges	2,973,844	2,030,505	535	943,339	2,029,970
Contributions-Harbor Bridge commitment	1,885,410	-	-	1,885,410	-
Bond issuance costs	-	1,139,597	-	(1,139,597)	1,139,597
Contributions to other governments	3,000,000	3,000,000	-	-	3,000,000
Loss on disposal of assets	67,638	5,829,882	-	(5,762,244)	5,829,882
Total Expenses	63,218,205	65,762,525	51,570,250	(2,544,320)	14,192,275
Income Before Contributions	20,847,404	28,405,418	30,802,200	(7,558,014)	(2,396,782)
Capital Contributions	13,128,853	7,245,620	8,657,361	5,883,233	(1,411,741)
Changes in Net Position	33,976,257	35,651,038	39,459,561	(1,674,781)	(3,808,523)
Total Net Position, Beginning of Year	488,106,572	454,291,182	414,831,621	33,815,390	39,459,561
Cumulative Effect of Change in Accounting Principle	-	(1,835,648)	-	1,835,648	(1,835,648)
Total Net Position, as Restated	488,106,572	452,455,534	414,831,621	35,651,038	37,623,913
Total Net Position, End of Year	\$ 522,082,829	\$ 488,106,572	\$ 454,291,182	\$ 33,976,257	\$ 33,815,390

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Revenues



2016 – 2015

Operating revenues in 2016 decreased by \$10,693,350 or 11.4% from 2015. Dredge placement fees generated from depletion charges for the deposit of dredge materials into the Authority's dredge placement areas decreased \$8,281,383 in 2016 and were the largest single component of the revenue decrease. Wharfage revenues decreased \$3,442,644 from 2015. The majority of the wharfage decrease was at the public oil docks (\$5,427,245) and this was due to the drop in crude oil shipments. New businesses including voestalpine Texas, LLC and Oxy Ingleside Energy Center, LLC commenced operations in 2016 and this has contributed to an increase in wharfage revenues at the private oil docks and private cargo docks of \$1,360,444. Dockage revenues have seen a decline of \$2,032,910, mainly at the public oil docks (\$1,933,812). Ship and barge traffic has declined due to the drop in oil prices and there were 90 less ships and 1,105 less barges in 2016.

Building and land rentals of Authority properties have increased \$3,053,259 due to new tenants and rent escalations of existing leases. Non-operating revenues have increased \$591,016 over 2015. The increase in cash, cash equivalents and investments has led to an increase in investment income of \$666,318.

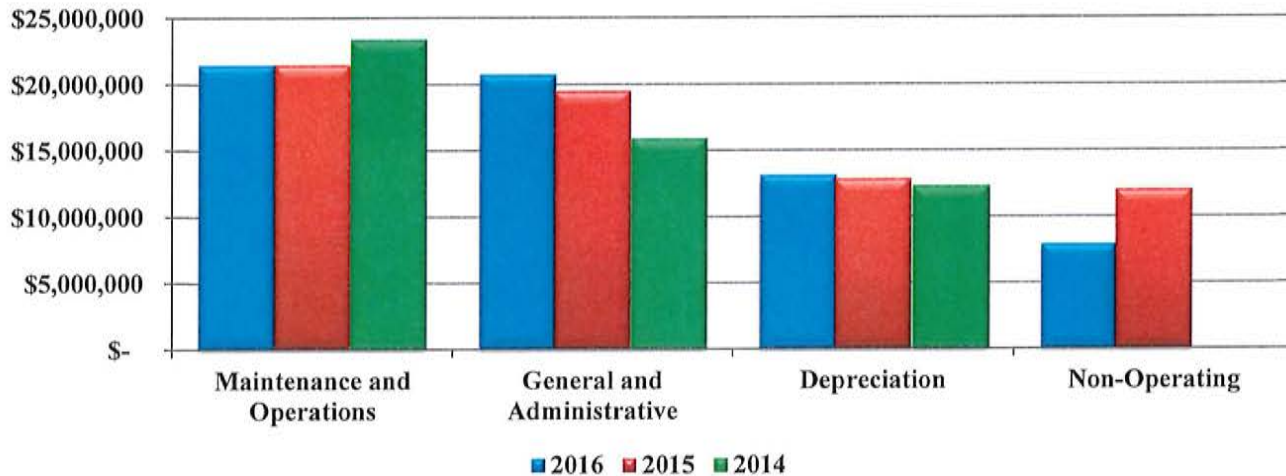
2015 – 2014

Operating revenues in 2015 increased by \$11,612,410 or 14.2% over 2014. Dredge placement fees generated from depletion charges for the deposit of dredge materials into the Authority's dredge placement areas increased \$8,482,166 in 2015 and were the largest single component of the revenue increase. Wharfage revenues increased \$3,491,023 over 2014. The majority of the wharfage increase was at the private oil docks (\$2,073,188) and the Authority's cargo docks (\$1,600,747). Movements of petroleum products continue to increase at the private oil docks and in December, 2015 the United States crude oil ban on exports was lifted and the first vessel set sail from the Port of Corpus Christi with crude oil to be exported. Shipments of wind turbines and their components have been the main reason for the increase at the Authority's cargo docks in 2015. Building and land rentals of Authority properties have increased \$934,866 due to new tenants and rent escalations of existing leases.

Although wharfage revenues have increased, dockage revenues have seen a decline of \$626,932, mainly at the bulk terminal facility. Other revenues have decreased \$1,036,894 from 2014. In 2014, revenues were recognized for 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.

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Expenses



2016 – 2015

Operating expenses in 2016 increased \$1,528,772 or 2.8% over 2015. The major variances in expenses from 2016 to 2015 are as follows:

● Maintenance	\$ 890,319
● Professional services	394,961
● Employee services	381,577

Maintenance project expenses have increased \$1,139,382 over 2015. Major maintenance projects expenses were recorded in 2016 for resurfacing of a Southside storage yard in the amount of \$733,963, and maintenance dredging of port docks in the amount of \$453,578.

Professional service expenses have increased in 2016 and the increase has been in legal fees (\$318,970) and environmental services (\$357,160), and these increases were offset by non-recurring consulting fees in 2015 to develop a strategic plan and fees paid to an executive management search firm.

Of the increase in employee service costs over 2015, \$697,612 is attributable to wages and payroll taxes, however, employee benefits decreased \$316,035. Retirement expenses decreased \$1,398,984 from 2015, and the full effects of this change in accounting principle can be found in Note 7 to the financial statements on pages 35-43. The Authority is self-funded for medical and dental expenses of its employees, and the cost of these benefits increased \$826,555 over 2015.

2015 – 2014

Operating expenses in 2015 increased \$2,192,826 or 4.3% over 2014. The major variances in expenses from 2015 to 2014 are as follows:

● Employee services	\$ 4,237,956
● Depreciation	512,096
● Maintenance	(2,344,987)
● Professional services	(1,064,518)

Of the increase in employee service costs over 2014, \$1,657,567 is attributable to wages and payroll taxes. The Authority implemented several new divisions in 2015 including Chief Commercial Officer, Community Relations, and Risk Management which added seven employees. In addition, five positions were added to the Security division as recommended by the security study and three to the

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Engineering division to accommodate the increase in capital projects from the 2015 revenue bond sale. The largest component of the increase in employee services, however, has been in employee benefits. Retirement benefits increased \$1,961,259, partly due to the addition of staff, but mainly in part to the implementation of GASB 68, as amended by GASB 71 which requires the Authority to recognize changes in net pension liability in pension expense in the period of the change. The full effects of this change in accounting principle can be found in Note 7 to the financial statements on pages 35-43. In addition, the Authority is self-funded for medical and dental expenses of its employees. The cost of these benefits increased \$607,564 over 2014.

The Authority added over \$34 million in depreciable capital assets in 2015, and depreciation increased \$512,096 over 2014.

Maintenance project expenses have decreased \$2,008,613 from 2014. Major maintenance projects expenses were recorded in 2014 for structural repairs to a dock and rehabilitation of the fire systems at the Authority's oil docks in the amount of \$1,215,939, repairs to the Authority's rail system in the amount of \$666,123, repairs to the Authority's roads and parking lots in the amount of \$491,500, and concrete repairs to the bulk dock in the amount of \$407,481, and only minor maintenance projects were expensed in 2015.

Professional service expenses have decreased in 2015 mainly due to a non-reoccurring real estate transaction fee in the amount of \$975,996 for property leased to a tenant at the La Quinta site recorded in 2014.

Capital Grants and Contributions

2016 – 2015

Capital grants and contributions increased by \$5,883,233 over 2015. 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. Capital grants and contributions at December 31, 2016 include the following:

● Security Enhancements	\$ 1,328,223
● State Funded Rail Improvements	10,694,923
● Donations of capital property from tenants	1,105,707

2015 – 2014

Capital grants and contributions decreased by \$1,411,741 from 2014. 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. Capital grants and contributions at December 31, 2015 include the following:

● National Infrastructure Investments	\$ 2,096,740
● Security Enhancements	1,269,912
● State Funded Rail Improvements	3,830,594
● State Funded Emmission Reductions	48,374

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2016 – 2015

The Authority's investment in capital assets as of December 31, 2016, amounts to \$390,123,868 (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 \$33,132,172 or 9.3%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 32.

Major capital asset activity during 2016 include the following:

● Construction of new oil docks	\$ 15,688,790
● Expansion of rail interchange yard	14,519,885
● Land purchases	6,346,270
● Security improvements funded by grants	1,790,624

2015 – 2014

The Authority's investment in capital assets as of December 31, 2015, amounts to \$356,991,696 (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 \$54,411,458 or 18.0%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 32.

Major capital asset activity during 2015 include the following:

● Land purchases	\$ 31,514,496
● Construction of new oil docks	17,202,955
● Rail interchange yard	7,191,858
● Additional barge mooring areas	6,272,225

The increase in the investment in capital assets was net of the sale of the Refrigerated Warehouse facility and equipment in 2015, resulting in a decrease in capital assets net of depreciation of \$6.3 million.

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	2016	2015	2014	2016-15 Change	2015-14 Change
Capital assets, not being depreciated:					
Land	\$ 91,132,008	\$ 84,786,396	\$ 49,341,287	\$ 6,345,612	\$ 35,445,109
Channel & waterfront improvements	25,107,516	25,056,737	19,308,770	50,779	5,747,967
Intangibles	387,429	387,429	377,429	-	10,000
Construction in progress	93,743,620	59,166,446	60,764,538	34,577,174	(1,598,092)
	210,370,573	169,397,008	129,792,024	40,973,565	39,604,984
Capital assets, being depreciated:					
Port facilities	116,600,379	122,243,165	100,377,792	(5,642,786)	21,865,373
Buildings & improvements	46,005,997	46,658,332	52,123,240	(652,335)	(5,464,908)
Machinery and equipment	16,837,760	18,273,351	19,739,027	(1,435,591)	(1,465,676)
Intangibles	309,159	419,840	548,155	(110,681)	(128,315)
	179,753,295	187,594,688	172,788,214	(7,841,393)	14,806,474
Net Capital Assets	\$ 390,123,868	\$ 356,991,696	\$ 302,580,238	\$ 33,132,172	\$ 54,411,458

Long-Term Debt

On May 27, 2015, the Authority issued \$115,000,000 in taxable revenue bonds for the purposes of acquiring land and acquiring, purchasing, constructing, enlarging, extending, repairing or developing facilities or aids incident to or useful or necessary in the operation or development of the Authority's ports and waterways or in aid of navigation and commerce thereon. The bonds are secured by the pledged revenues from the operation of Port Facilities after the deduction of maintenance and operating expenses other than those related to depreciation or the interest expense on the bonds. Additional information regarding the Authority's long-term debt can be found in Note 6 to the financial statements on pages 33-34. As of December 31, 2016, the Authority had long-term debt outstanding of \$110,640,000. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2016, 2015 and 2014.

	2016	2015	2014	2016-2015 Change	2015-2014 Change
General revenue bonds	\$ 110,640,000	\$ 115,000,000	\$ -	\$ (4,360,000)	\$ 115,000,000
Total Long-term Debt	\$ 110,640,000	\$ 115,000,000	\$ -	\$ (4,360,000)	\$ 115,000,000

The Authority maintains a A+ rating from Standard and Poor's Corporation with a positive outlook and a A1 rating from Moody's Investor Service on its' general revenue bonds. In accordance with the Authority's general revenue bond covenants, the Authority is required to maintain a revenue bond coverage of at least 1.25 times the average annual debt service requirements. As of December 31, 2016, the Authority's revenue bond coverage was 4.35.

ECONOMIC OUTLOOK

The Authority along with the local region has experienced the effects from the Eagle Ford Shale oil and gas boom and subsequent slowing, and has felt this through swings in the movement of outbound crude oil over both its public and private oil docks, along with increases and decreases in both wharfage and dockage revenues over the past several years. In 2016, the Authority saw a decline in revenues from the preceding year. This decline in annual growth was largely contributed to a decline in crude oil pricing during the year that resulted in an overall slow-down in drilling exploration and crude oil production.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2016**

The Authority continues to play a vital role as a major refinery hub, and continues to be the gateway of choice for both Eagle Ford and Permian Basin oil plays, as well as a logistical and distribution center for cargoes used in drilling, fracturing and pipeline projects.

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 and Permian Basin Shale Plays, in addition to the significant private investment still being made in the form of storage tanks, pipelines and new dock infrastructure in and around the Authority to accommodate the increased movement of crude oil. As oil prices slowly climb in price, the outlook for the next year is a slow recovery, with the nearby Eagle Ford shale formation holding estimated reserves of as much as 15 billion barrels of oil and natural gas liquids, plus some 150 trillion cubic feet of natural gas, in addition to reserves within the Permian Basin region.

In September 2016, the Port Authority entered into a Memorandum of Understanding (MOU) with the U.S. Army Corps of Engineers Galveston District (COE). The MOU will allow the Authority to move forward with the preparation for the deepening and widening of the channel in coming years. The Corpus Christi Ship Channel – Channel Improvement Project is a top priority for the Authority, as a deeper, wider ship channel, will provide better navigational safety and transportation efficiencies, and pending federal appropriations is expected to get under way in 2017.

These infrastructure improvements have placed our port in a unique position as a critical component in the export of U.S. crude and condensate. The Authority's deep draft ship channel and strategic location to some of the largest production areas in the U.S. provides a secure and competitive supply chain to markets worldwide.

In 2013, industry leading companies from throughout the world and United States committed to major investments at the Authority. Estimated total investment being made by these companies is now approaching in excess of \$15 billion. Several of these projects are now completed or close to being completed and ready to begin production. Several are currently under construction, and are anticipated to come on line over the next several years. These investments include the following:

The Port 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 was substantially completed in late 2016. Production is expected to commence in 2017. Preliminary plans are underway to expand the barge capacity of an existing Port 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 on 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 have allowed NuStar to triple its marine loading capacity. The dock project was part of NuStar's \$185 million, multi-phase build-out of the company's South Texas crude oil pipeline. In late December 2016, NuStar Energy completed a major asset purchase that will take their estimated throughput up over 200 million barrels annually. The acquisition includes marine terminal dock assets, additional tank storage with shell capacity of 900,000 barrels of crude and 250,000 barrels of refined products, and other assets located in the North side of the Port of Corpus Christi.

Trafigura Terminals LLC and Buckeye Texas Partners have begun construction on a \$500 million 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, and future phases are ongoing.

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 company has indicated it will consider multiple future phases which could more than double the facility size, if initial phase is successful.

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The Port constructed 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 was complete in April, 2015 at a cost of \$17.7 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 April 2017.

M&G Resins USA has begun construction on a \$1.1 billion dollar polyethylene terephthalate (PET) resin processing plant on the Inner Harbor adjacent to the Port's Nueces River Rail Yard. Construction of the M&G facility will generate over 3,000 construction 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. It is estimated that construction will be complete early 2017, with the first products being moved by May 2017.

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 Port's La Quinta Trade Gateway to construct a \$1.3 billion seamless pipe mill. This is the largest single green-field 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. TPCO expects to be operational by the end of 2017.

Austria's voestalpine Group invested \$990 million in its 470 acre site at La Quinta to construct a plant that will convert iron oxide pellets into purer, easier-to-transport hot briquetted iron used in steel production. Grand opening at the plant was held October 2016 with production beginning immediately. At full capacity, the facility is expected to produce 2 million metric tons of purified iron briquettes each year. The new plant will employ 150 full-time employees.

Corpus Christi Liquefaction, LLC, a subsidiary of Cheniere Energy, commenced construction in 2015 on the first phase of a \$14.5 billion liquefied natural gas (LNG) export terminal on 337 acres at the La Quinta Ship Channel. The project has been designed to be constructed in phases, and operations are expected to commence on or before 2020. Based on their current schedule, they anticipate permitting for Trains 4 and 5 to be completed in 2017, and commencing operations for Train 1 as early as 2018.

Oxy Ingleside Energy Center, LLC purchased the former Naval Station Ingleside property from the Port 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 the export of propane began in 2015 and with oil exports expected began in October of 2016.

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 Chief Financial Officer, 222 Power Street, Corpus Christi, TX 78401.

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

**Statement of Net Position
December 31, 2016 and 2015**

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 40,707,008	\$ 61,921,329
Investments (Note 2)	144,922,308	93,697,394
Accounts receivable, net (Note 3)	14,351,677	14,479,257
Interest receivable	454,072	306,850
Intergovernmental receivable	3,280,864	2,806,655
Inventory	825,074	829,185
Prepaid expenses	847,830	768,962
<i>Total Current Assets</i>	<u>205,388,833</u>	<u>174,809,632</u>
NON-CURRENT ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	70,859,926	90,967,295
<i>Total Restricted Assets</i>	<u>70,859,926</u>	<u>90,967,295</u>
CAPITAL ASSETS:		
Capital assets, not being depreciated (Note 4)	210,370,573	169,397,008
Capital assets, being depreciated, net (Note 4)	179,753,295	187,594,688
<i>Capital Assets, Net</i>	<u>390,123,868</u>	<u>356,991,696</u>
OTHER NON-CURRENT ASSETS:		
Accrued revenues, net of current portion	10,647,152	-
Purchase option deposit	100,000	100,000
Net pension asset (Note 7)	-	2,269,840
<i>Total Non-Current Assets</i>	<u>10,747,152</u>	<u>2,369,840</u>
TOTAL ASSETS	<u>677,119,779</u>	<u>625,138,463</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions (Note 7)	5,529,207	1,958,889
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>682,648,986</u>	<u>627,097,352</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	8,590,238	6,249,151
Accrued expenses	884,891	647,322
Accrued interest payable	342,144	344,996
Unearned revenue, current portion (Note 6)	2,265,192	1,188,606
Unearned capital lease, current portion (Note 6)	457,040	457,040
Current maturities of long-term debt (Note 6)	4,395,000	4,360,000
Compensated absences, current portion (Note 6)	1,275,598	1,184,963
<i>Total Current Liabilities</i>	<u>18,210,103</u>	<u>14,432,078</u>
NON-CURRENT LIABILITIES:		
Unearned revenue, net of current portion (Note 6)	23,676,652	2,551,590
Unearned capital lease, net of current portion (Note 6)	7,747,166	8,204,206
Long-term debt, net of current maturities (Note 6)	106,245,000	110,640,000
Compensated absences, net of current portion (Note 6)	2,758,031	2,573,147
Net pension liability (Note 7)	1,057,791	-
Net OPEB obligation (Note 8)	690,456	589,759
<i>Total Non-Current Liabilities</i>	<u>142,175,096</u>	<u>124,558,702</u>
TOTAL LIABILITIES	<u>160,385,199</u>	<u>138,990,780</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions (Note 7)	180,958	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>160,566,157</u>	<u>138,990,780</u>
NET POSITION:		
Net investment in capital assets	306,107,673	288,144,036
Restricted:		
Bond interest and redemption	16,008,545	16,116,847
Harbor Bridge commitment	20,000,000	20,000,000
Law enforcement	23,370	36,862
Unrestricted	179,943,241	163,808,827
TOTAL NET POSITION	<u>\$ 522,082,829</u>	<u>\$ 488,106,572</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, 2016 and 2015**

	2016	2015
OPERATING REVENUES:		
Wharfage	\$ 42,337,275	\$ 45,779,919
Dockage	11,970,562	14,003,472
Security fees	6,070,139	6,673,782
Freight handling	3,463,593	3,153,285
Rail Charges	1,427,837	699,535
Building and land rentals	12,444,299	9,391,040
Conference center services	2,011,136	2,209,031
FTZ user fees	224,000	207,667
Dredge placement fees	1,870,497	10,151,880
Other	909,167	1,152,244
<i>Total Operating Revenues</i>	<u>82,728,505</u>	<u>93,421,855</u>
OPERATING EXPENSES:		
Maintenance and operations	21,435,640	21,470,411
General and administrative	20,715,616	19,469,477
Depreciation	13,140,057	12,822,653
<i>Total Operating Expenses</i>	<u>55,291,313</u>	<u>53,762,541</u>
<i>Operating Income</i>	<u>27,437,192</u>	<u>39,659,314</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income	1,184,692	518,374
Federal and other grant assistance	152,412	227,714
Loss on disposal of assets	(67,638)	(5,829,882)
Bond issuance costs	-	(1,139,597)
Interest expense and fiscal charges	(2,973,844)	(2,030,505)
Contributions to Harbor Bridge commitment	(1,885,410)	-
Contributions to other government agencies	(3,000,000)	(3,000,000)
<i>Net Non-Operating Revenues (Expenses)</i>	<u>(6,589,788)</u>	<u>(11,253,896)</u>
<i>Income Before Capital Grants and Contributions</i>	<u>20,847,404</u>	<u>28,405,418</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>13,128,853</u>	<u>7,245,620</u>
<i>Change in Net Position</i>	<u>33,976,257</u>	<u>35,651,038</u>
<i>Total Net Position, Beginning of Year</i>	<u>488,106,572</u>	<u>452,455,534</u>
<i>Total Net Position, End of Year</i>	<u><u>\$ 522,082,829</u></u>	<u><u>\$ 488,106,572</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, 2016 and 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 93,553,996	\$ 87,128,288
Cash payments to suppliers for goods & services	(18,939,227)	(19,671,051)
Cash payments to employees for services	(20,367,995)	(19,253,420)
Cash payments to and received from other operating sources	(561)	1,835
<i>Net Cash Provided by Operating Activities</i>	<u>54,246,213</u>	<u>48,205,652</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	181,760	185,468
Payments on behalf of Harbor Bridge commitment	(1,885,410)	-
Payments to other governments	(3,000,000)	(3,000,000)
<i>Net Cash Used by Noncapital Financing Activities</i>	<u>(4,703,650)</u>	<u>(2,814,532)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on issuance of capital debt	-	113,860,403
Acquisition and construction of capital assets	(45,968,044)	(75,578,523)
Capital grants and contributions	12,627,931	7,485,865
Proceeds from sale of assets	-	518,950
Acquisition of purchase option deposit	-	(100,000)
Principal payment on capital debt	(4,360,000)	-
Interest expense and fiscal charges	(2,976,696)	(1,685,509)
<i>Net Cash Provided (Used) for Capital and Related Financing Activities</i>	<u>(40,676,809)</u>	<u>44,501,186</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	1,747,873	1,180,387
Proceeds from sale and maturities of investments	162,170,000	144,135,000
Purchase of investments	(214,105,317)	(163,660,913)
<i>Net Cash Used by Investing Activities</i>	<u>(50,187,444)</u>	<u>(18,345,526)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(41,321,690)</u>	<u>71,546,780</u>
<i>Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts</i>	<u>152,888,624</u>	<u>81,341,844</u>
<i>Cash and Cash Equivalents at End of Year, Including Restricted Accounts</i>	<u>\$ 111,566,934</u>	<u>\$ 152,888,624</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 27,437,192	\$ 39,659,314
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	13,140,057	12,822,653
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts and intergovernment receivables	(249,859)	(302,017)
Inventories	4,111	(52,681)
Prepaid items	(78,868)	29,627
Accrued revenues, net of current	(10,647,152)	-
Net pension asset	2,269,840	2,506,866
Deferred outflows of resources	(3,570,318)	(1,131,742)
Accounts payable and accrued expenses	2,581,637	373,885
Unearned revenue	22,201,648	(5,430,448)
Unearned capital lease revenue	(457,040)	(457,040)
Net pension liability	1,057,791	-
Net OPEB obligation	100,697	101,877
Compensated absences	275,519	85,358
Deferred inflows of resources	180,958	-
<i>Total Adjustments</i>	<u>26,809,021</u>	<u>8,546,338</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 54,246,213</u>	<u>\$ 48,205,652</u>
Noncash Investing, Capital, and Financing Activities:		
Amortization (accretion) of premium/discounts on investments	\$ 169,166	\$ 485,852
Change in fair value of investments	541,237	138,502
Change in accrued interest on investments	(147,222)	37,659
Change in intergovernmental receivables	(471,574)	197,999
Loss on disposal of assets	(67,638)	(5,829,882)
Acquisition of capital assets accrued but not paid, net of reimbursements	371,823	(1,995,580)
Bond costs paid from bond proceeds	-	1,139,597

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 three 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

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

**Notes to Financial Statements
December 31, 2016 and 2015**

been included in the basic financial statements. The condensed financial statement information of the IDC follows:

	2016	2015
Total Net Position	\$ 93,844	\$ 12,188
Change in Net Position	\$ 81,656	\$ 1,765

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

BASIS OF ACCOUNTING

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

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

INVESTMENTS

In accordance with its Investment Policy and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (PFIA), the Authority may invest in obligations of the US Government, its agencies and instrumentalities, fully collateralized or insured time deposits, local government investment pools having a rating not less than AAA, money market mutual funds registered with the SEC whose assets consist exclusively of obligations of the US Treasury, its agencies or instrumentalities and repurchase agreements backed by those securities, fully collateralized repurchase agreements, general debt obligations of states, agencies, counties, cities and other subdivisions of the United States with a rating not less than AA, fully insured brokered certificates of deposit, delivered versus payment to the Authority's safekeeping agent, and A1/1 commercial paper with a maturity not to exceed 180 days.

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.

ACCOUNTS RECEIVABLE

Trade receivables are shown net of an allowance for uncollectible accounts which is determined based on historical experience and collection efforts. Bad debts are written off against the accounts receivable allowance when deemed uncollectible.

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. The Authority capitalizes, as a cost of its constructed assets, the weighted average interest expense applied to average cumulative expenditures.

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

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

RESTRICTED ASSETS

Certain resources set aside for the repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants.

Certain assets are reclassified as restricted due to the restriction on the use of these funds for a particular purpose.

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

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. Deferred outflows related to pensions consist of the following items.

- Pension contributions after the measurement date – These contributions are deferred and recognized the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a period of five years.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the average remaining service life for all active, inactive, and retired members.
- Changes in actuarial assumptions used to determine pension liability – This difference is deferred and amortized over the average remaining service life for all active, inactive, and retired members.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. Deferred inflows related to pensions consist of the difference in expected and actual pension experience and this amount is deferred and recognized over the average remaining service life for all active, inactive and retired members.

PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For more information on the Authority's pension plans, see Note 6 of the Notes to the Financial Statements.

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, damage claims 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 residual interest in the Authority's assets and deferred outflows after liabilities are deducted and consists of three sections: net investment in capital assets; restricted and unrestricted. 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 Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position that does not meet the definition of net investment in capital assets or restricted is classified as unrestricted.

CASH RESERVE POLICY

It is the desire of the Authority to maintain adequate funds to maintain liquidity in anticipation of economic downturns or natural disasters. The Authority's Commission has adopted a Cash Reserve Policy and established target goals to further this position.

- Contingencies – a target goal of \$10,000,000 was established to cover emergency expenditures incurred due to catastrophic events.
- Self Insurance – a target goal of \$5,000,000 was established to cover managed risk exposures.
- Operating – a target goal of a minimum of six months and a maximum of nine months of annual operating expenses, net of depreciation based on the annual operating budget to maintain financial flexibility, liquidity and stability.

These target goals are reviewed annually and will be modified as necessary to ensure adequate resources for statutory and legal reserves.

CONCENTRATION OF REVENUES

The Authority's operating revenues are subject to risk because of their concentration in the petroleum industry. Six customers from the petroleum industry made up over 58.4 percent of the Authority's wharfage and dockage revenue base for 2016, as compared to six customers that made up 59.1 percent in 2015. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing 85.1 percent of the total cargo tonnage moved through the Authority in 2016, compared to 85.9 percent in 2015.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

GASB 72 – Fair Value Measurement and Application – addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB 72 is effective for financial statements for fiscal years beginning after June 15, 2015, and the Authority has implemented this statement in fiscal year 2016.

GASB 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments – establishes the hierarchy of GAAP for state and local governments. GASB 76 is effective for financial statements for fiscal years beginning after June 15, 2015, and the Authority has implemented this statement in fiscal year 2016.

PRIOR PERIOD RESTATEMENTS

During 2016 management determined that certain errors caused depreciation expense and accumulated depreciation to be overstated by \$996,427 at December 31, 2015. Accordingly, the applicable 2015 amounts have been restated in these financial statements. Following is a summary of the line items from 2015 that were restated:

	Restated at	Previously Stated
	December 31, 2015	December 31, 2015
Change in net position	\$ 35,651,038	\$ 34,654,611
Capital assets, being depreciated	187,594,688	186,598,261
Net investment in capital assets	288,144,036	287,147,609
Net position	488,106,572	487,110,145

FUTURE ACCOUNTING PRONOUNCEMENTS

GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – addresses accounting and financial reporting issues related to other postemployment benefits (OPEB) other than pensions. This statement changes the focus of accounting of postemployment benefits other than pensions from how much it costs to adequately fund the benefits over time to a point-in-time liability that is reflected on the employer’s financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the Authority in fiscal year 2018.

2. DEPOSITS AND INVESTMENTS

At December 31, 2016 the carrying amount of the Authority’s demand deposits and cash on hand was \$1,624,628. 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.

At December 31, 2015 the carrying amount of the Authority’s demand deposits and cash on hand was \$1,217,098. 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.

GASB Statement No. 72 “*Fair Value Measurement and Application*” for financial reporting purposes categorizes financial instruments within three different levels of risk dependent upon the measures of their fair value and pricing. Because the investments are restricted by Policy and state law to active secondary market, the *market approach* is being used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

The exit or fair market prices used for these fair market valuations of the portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

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Authority's investments at December 31, 2016 and 2015 carried at fair value were:

Investment Type	2016			2015		
	Fair Value	Weighted Average Maturity (Days)	Credit Risk	Fair Value	Weighted Average Maturity (Days)	Credit Risk
Certificates of Deposit	\$ 245,000	290		\$ 490,000	300	
Money market funds	28,240,365	1		86,847,358	1	
Local government pool	81,701,941	1	AAA	64,824,168	1	AAA
United States agencies	137,659,515	571	AAA	78,333,942	669	AAA
Municipal bonds	7,017,793	74	AAA/AA	14,873,452	108	AAA/AA
Total	254,864,614			245,368,920		
Short-term investments included in cash and cash equivalents	109,942,306			151,671,526		
Equity in Total Investments	\$ 144,922,308			\$ 93,697,394		
Portfolio weighted average maturity		311			222	

In accordance with GASB Statement No. 40, "Deposit and Investment Risk Disclosures" the Authority's financial statements are required to address foreign currency risk, custodial credit risk, concentration of risk, interest rate risk, and credit risk of investments.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of December 31, 2016 and 2015, the Authority had no foreign currency risk.

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.

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

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for all authorized investment types which are monitored on at least a monthly basis. Diversification limits are established as:

Investment Policy		Percent of Portfolio	
		2016	2015
United States Treasury securities	100%	3.92%	-
United States Agency securities	100%	50.09%	31.92%
Depository Certificates of Deposit	80%	0.10%	0.20%
Repurchase Agreements	100%	-	-
Flex Agreements by bond fund	100%	-	-
Local Government Investment Pools	100%	32.05%	26.42%
Percent of pool ownership	10%		
Money Market Mutual Funds	100%	11.08%	35.39%
Percent of pool ownership	10%		
Interest bearing accounts	100%	0.01%	0.01%
Brokered Certificates of Deposit	10%	-	-
State and Local Debt Obligations	80%	2.75%	6.06%
Commercial Paper	15%	-	-

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.

INTEREST RATE RISK

Interest rate risk is the risk associated with declines or rises in interest rates, which cause an investment in a fixed-income security to increase or decrease in value. 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 three years. The dollar-weighted average maturity (WAM) of the total portfolio is restricted to a maximum of one year.

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As of December 31, 2016, the portfolio contained fourteen 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
FHLB	\$ 7,000,000	1.250%	08/23/2016	08/23/2018	02/23/2017	Callable quarterly with 5 days notice	\$ 7,000,000	\$ 6,988,191
FHLB	5,000,000	1.000%	08/24/2016	05/24/2018	02/24/2017	Callable quarterly with 5 days notice	5,000,000	4,967,780
FHLB	10,000,000	0.900%	10/27/2016	07/27/2018	04/27/2017	Callable quarterly with 5 days notice	10,000,000	9,944,770
FHLMC	10,000,000	1.300%	10/28/2016	10/25/2019	01/25/2017	Callable quarterly with 5 days notice	10,000,000	9,866,640
FHLMC	5,000,000	1.050%	11/28/2016	11/28/2018	02/28/2017	Callable quarterly with 5 days notice	5,000,000	4,952,735
FNMA	10,000,000	1.100%	08/23/2016	08/23/2019	08/23/2017	Callable once with 10 days notice	10,000,000	9,851,450
FNMA	10,000,000	1.125%	09/06/2016	09/06/2019	09/06/2017	Callable once with 10 days notice	10,000,000	9,842,250
FHLB	10,000,000	0.875%	10/06/2016	04/12/2018	04/12/2017	Callable once with 5 days notice	10,000,000	9,970,620
FHLMC	1,930,000	0.625%	11/08/2016	10/26/2018	04/26/2017	Callable once with 5 days notice	1,930,132	1,927,848
FFCB	7,000,000	0.690%	07/29/2016	01/11/2018	10/11/2016	Callable anytime with 5 days notice	7,000,000	6,959,925
FHLB	7,000,000	1.000%	10/06/2016	09/06/2018	12/06/2016	Callable anytime with 5 days notice	7,000,000	6,962,550
FFCB	5,000,000	1.230%	11/8/2016	01/25/2019	01/25/2017	Callable anytime with 5 days notice	5,001,559	4,970,005
FFCB	5,000,000	1.150%	11/08/2016	02/22/2019	02/22/2017	Callable anytime with 5 days notice	5,002,084	4,975,725
FHLMC	3,000,000	0.900%	07/14/2015	07/14/2017	Past call date	Callable once with 5 days notice	3,000,000	3,002,166
TOTAL							\$ 95,933,775	\$ 95,182,655

Abbreviations: FHLB Federal Home Loan Bank
 FNMA Federal National Mortgage Association
 FHLMC Federal Home Loan Mortgage Corporation
 FFCB Federal Farm Credit Bank

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As of December 31, 2015, the portfolio contained ten 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	\$ 5,000,000	0.80%	05/12/2015	5/12/2017	02/12/2016	Callable quarterly with 5 days notice	\$ 5,000,000	\$ 4,980,175
FHLMC	2,500,000	1.00%	09/08/2015	09/08/2017	03/08/2016	Callable quarterly with 5 days notice	2,500,000	2,501,638
FHLMC	1,000,000	1.25%	09/15/2015	06/15/2018	03/15/2016	Callable quarterly with 5 days notice	1,000,000	997,630
FHLMC	1,000,000	1.00%	09/28/2015	09/28/2017	03/28/2016	Callable quarterly with 5 days notice	1,000,000	997,134
FHLMC	7,000,000	1.16%	10/29/2015	10/29/2018	01/29/2016	Callable quarterly with 5 days notice	7,000,000	6,966,946
FHLMC	5,000,000	1.45%	12/28/2015	12/28/2018	03/28/2016	Callable quarterly with 5 days notice	5,000,000	4,982,885
FHLMC	5,000,000	1.05%	12/29/2015	12/29/2017	03/29/2016	Callable quarterly with 5 days notice	5,000,000	4,982,815
FHLMC	5,000,000	0.625%	09/29/2015	09/28/2018	03/28/2016	Callable quarterly with 5 days notice Coupon steps to 1.25% on 09/28/2016 Coupon steps to 2.50% on 09/28/2017	5,000,000	4,997,090
FNMA	5,000,000	0.75%	10/30/2015	10/29/2018	04/29/2016	Callable quarterly with 5 days notice Coupon steps to 1.00% on 10/29/2016 Coupon steps to 1.25% on 04/29/2017 Coupon steps to 1.50% on 10/29/2017 Coupon steps to 2.00% on 04/29/2018	5,000,000	4,976,185
FHLMC	3,000,000	0.90%	07/14/2015	07/14/2017	01/14/2016	Callable once with 5 days notice	3,000,000	3,000,093
Abbreviations:	FFCB Federal Farm Credit Bank						\$ 39,500,000	\$ 39,382,591
	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 to those banks doing business in the State of Texas and further requires full FDIC insurance and/or 102% collateralization from these depositories. Depository 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 Authority's Investment Policy does not state a maximum maturity of 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 three years to stated maturity and rated not less than AA or its equivalent by one nationally recognized rating agency.

Local government investment pools in Texas are required to be rated AAA, or equivalent, by at least one nationally recognized rating organization. The adopted Investment Policy restricts investments to AAA-rated, local government investment pools striving to maintain a \$1 net asset value and further regulated by state law.

3. RECEIVABLES

Receivables as of December 31, including the applicable allowances for uncollectible accounts, are as follows:

	2016	2015
Trade receivables	\$ 11,679,872	\$ 14,482,292
Damage claims receivable	657,540	-
Accrued revenues - capital recovery lease provision	* 12,776,582	-
	25,113,994	14,482,292
Net of allowance for uncollectibles	(115,165)	(3,035)
Receivables, net	24,998,829	14,479,257
Less: Non-current account receivable	* (10,647,152)	-
Current account receivable	\$ 14,351,677	\$ 14,479,257

* Accrued revenues were recorded in 2016 for a lease provision that will be billed in future years, and is further explained in Note 6 of the Notes to the Financial Statements.

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4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 84,786,396	\$ 6,345,612	\$ -	\$ 91,132,008
Channel and waterfront improvements	25,056,737	50,779	-	25,107,516
Intangibles	387,429	-	-	387,429
Construction in progress	59,166,446	34,577,174	-	93,743,620
Total capital assets, not being depreciated	169,397,008	40,973,565	-	210,370,573
Capital assets, being depreciated:				
Port facilities	245,124,241	834,856	-	245,959,097
Buildings and improvements	85,047,462	2,570,696	82,400	87,535,758
Machinery and equipment	46,166,381	1,902,729	56,463	48,012,647
Intangibles	2,609,284	58,021	-	2,667,305
Total capital assets, being depreciated	378,947,368	5,366,302	138,863	384,174,807
Less: accumulated depreciation for				
Port facilities	122,881,076	6,477,642	-	129,358,718
Buildings and improvements	38,389,130	3,181,117	40,484	41,529,763
Machinery and equipment	27,893,030	3,312,597	30,741	31,174,886
Intangibles	2,189,444	168,701	-	2,358,145
Total accumulated depreciation	191,352,680	13,140,057	71,225	204,421,512
Total capital assets, being depreciated, net	187,594,688	(7,773,755)	67,638	179,753,295
Total capital assets, net	\$ 356,991,696	\$ 33,199,810	\$ 67,638	\$ 390,123,868

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 49,341,287	\$ 35,445,109	\$ -	\$ 84,786,396
Channel and waterfront improvements	19,308,770	5,747,967	-	25,056,737
Intangibles	377,429	10,000	-	387,429
Construction in progress	60,764,538	(1,598,092)	-	59,166,446
Total capital assets, not being depreciated	129,792,024	39,604,984	-	169,397,008
Capital assets, being depreciated:				
Port facilities	217,122,120	28,033,820	31,699	245,124,241
Buildings and improvements	91,029,778	3,596,236	9,578,552	85,047,462
Machinery and equipment	46,249,174	2,291,713	2,374,506	46,166,381
Intangibles	2,553,094	56,190	-	2,609,284
Total capital assets, being depreciated	356,954,166	33,977,959	11,984,757	378,947,368
Less: accumulated depreciation for				
Port facilities	116,744,328	6,159,584	22,836	122,881,076
Buildings and improvements	38,906,538	3,116,007	3,633,415	38,389,130
Machinery and equipment	26,510,147	3,362,557	1,979,674	27,893,030
Intangibles	2,004,939	184,505	-	2,189,444
Total accumulated depreciation	184,165,952	12,822,653	5,635,925	191,352,680
Total capital assets, being depreciated, net	172,788,214	21,155,306	6,348,832	187,594,688
Total capital assets, net	\$ 302,580,238	\$ 60,760,290	\$ 6,348,832	\$ 356,991,696

5. LEASES

OPERATING LEASES

The Authority leases to others certain land and improvements, and these leases are classified as operating leases. As of December 31, 2016, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending	
2017	\$ 9,095,089
2018	7,594,086
2019	6,775,072
2020	5,487,625
2021	4,692,591
Thereafter	82,162,825
Total	\$ 115,807,288

As of December 31, 2016, \$13,144,381 had been received in advance payments and \$12,478,463 will be billed in future periods for operating leases and has been recorded as unearned revenue. As of December 31, 2015, \$3,540,126 had been received in advance payments for operating leases and has been recorded as unearned revenue.

6. NON-CURRENT LIABILITIES

LONG-TERM DEBT

On May 27, 2015, the Authority issued revenue bonds, Series 2015 (Taxable), in the amount of \$115,000,000 to pay costs of projects to acquire land and to acquire, purchase, construct, enlarge, extend, repair or develop facilities or aids incident to or useful or necessary in the operation or development of the Authority's ports and waterways or in aid or navigation and commerce thereon. Certain proceeds of the Bonds were used to pay the costs of issuing the Bonds. Interest is payable on June 1 and December 1 of each year. The source of repayment, as defined by the bond resolutions, includes pledged revenues from the operation of Port Facilities after the deduction of maintenance and operating expenses other than those related to depreciation or the interest expense on the bonds.

Total interest expense for the year ended December 31, 2016 was \$4,137,095, of which \$1,177,284 was capitalized and total interest expense for the year ended December 31, 2015 was \$2,460,969, of which \$432,946 was capitalized.

A statement of changes in long-term debt for the year ended December 31, 2016, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 115,000,000	\$ -	\$ 4,360,000	\$ 110,640,000	\$ 4,395,000
Total	\$ 115,000,000	\$ -	\$ 4,360,000	\$ 110,640,000	\$ 4,395,000

A statement of changes in long-term debt for the year ended December 31, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ -	\$ 115,000,000	\$ -	\$ 115,000,000	\$ 4,360,000
Total	\$ -	\$ 115,000,000	\$ -	\$ 115,000,000	\$ 4,360,000

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Total debt service requirements as of December 31, 2016, are as follows:

Years Ending	Principal	Interest	Total
2017	\$ 4,395,000	\$ 4,105,722	\$ 8,500,722
2018	4,450,000	4,051,092	8,501,092
2019	4,530,000	3,968,589	8,498,589
2020	4,635,000	3,866,301	8,501,301
2021	4,755,000	3,745,420	8,500,420
Thereafter	87,875,000	31,129,386	119,004,386
Total	\$ 110,640,000	\$ 50,866,510	\$ 161,506,510

UNEARNED REVENUES

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

Years Ending	Damage Claims	Operating Leases	Foreign Trade Zone	Totals
2017	\$ 114,000	\$ 1,946,192	\$ 205,000	\$ 2,265,192
2018	-	1,401,996	-	\$ 1,401,996
2019	-	1,231,959	-	\$ 1,231,959
2020	-	1,205,511	-	\$ 1,205,511
2021	-	1,117,860	-	\$ 1,117,860
Thereafter	-	18,719,326	-	\$ 18,719,326
Total	\$ 114,000	\$ 25,622,844	\$ 205,000	\$ 25,941,844

The Authority entered into a lease agreement with a tenant in 2016 that contains provisions for partial recovery of the costs of building a dock and exclusive use of that dock. In compliance with GASB Statement No. 62, the substantial investment by the tenant reasonably assures the Authority that the lease will continue over the initial term and all options and requires accounting for these lease provisions over the extended lease term of 25 years. The capital recovery provision is not payable until future years, and a receivable has been recorded for the estimated portion of the lease provision for this. Both lease provisions are recorded as unearned income to be recognized over the term of the lease.

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:

Years Ending	
2017	\$ 457,040
2018	457,040
2019	457,040
2020	457,040
2021	457,040
Thereafter	5,919,006
Total	\$ 8,204,206

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COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2016, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 1,173,372	\$ 891,361	\$ 817,449	\$ 1,247,284	\$ 817,449
Sickleave	2,584,738	659,756	458,149	2,786,345	458,149
Total	\$ 3,758,110	\$ 1,551,117	\$ 1,275,598	\$ 4,033,629	\$ 1,275,598

A statement of changes in compensated absences for the year ended December 31, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 1,132,754	\$ 769,737	\$ 729,119	\$ 1,173,372	\$ 729,119
Sickleave	2,539,998	500,584	455,844	2,584,738	455,844
Total	\$ 3,672,752	\$ 1,270,321	\$ 1,184,963	\$ 3,758,110	\$ 1,184,963

OPEB OBLIGATION

A statement of changes in OPEB Obligation for the year ended December 31, 2016, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	\$ 589,759	\$ 116,097	\$ 15,400	\$ 690,456	\$ -
Total	\$ 589,759	\$ 116,097	\$ 15,400	\$ 690,456	\$ -

A statement of changes in OPEB Obligation for the year ended December 31, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	\$ 487,882	\$ 112,021	\$ 10,144	\$ 589,759	\$ -
Total	\$ 487,882	\$ 112,021	\$ 10,144	\$ 589,759	\$ -

7. PENSION PLAN

For the year ended December 31, 2015, the Authority implemented the provisions of GASB Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and pension expense.

For the year ended December 31, 2016, the Authority's Net Pension Liability was measured as of December 31, 2015, and the Total Pension Liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2015, the Authority's Net Pension Asset was measured as of December 31, 2014, and the Total Pension Asset was determined by an actuarial valuation as of that date.

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). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 701 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.

Benefits Provided

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

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Authority within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. 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. At retirement, the employee's account is matched at a percentage adopted by the Authority's governing body and the current match is 125%. There are no automatic post-employment benefit changes, including automatic cost-of-living adjustments. Ad hoc post-employment benefit changes, including cost-of-living adjustments can be granted by the governing body of the Authority within guidelines of the TCDRS.

Contributions

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 as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

The actuarially determined rate for the calendar year 2016 was 4.99 percent and for the calendar year 2015 was 5.63 percent, however the governing body of the Authority adopted the rate of 7 percent for the calendar year 2016 and 7 percent for the calendar year 2015. 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 \$996,832 and \$996,832, respectively for the year ended December 31, 2016, and \$979,505 and \$979,505, respectively for the year ended December 31, 2015.

Employees Covered by Benefit Terms

At the measurement date, the following employees were covered by the benefit terms:

	December 31, 2015	December 31, 2014
Retirees or beneficiaries currently receiving benefits	95	95
Inactive employees entitled to but not yet receiving benefits	53	51
Active employees	202	182
	<u>350</u>	<u>328</u>

Actuarial Assumptions

The actuarial assumptions that determined the total net pension liability as of December 31, 2016 and the total net pension asset as of December 31, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB Statement 68 with the exception of the mortality assumptions that were updated and adopted in 2015. The actuarial valuations were determined using the following actuarial assumptions and were the same for both reporting years with the exceptions noted below:

	<u>December 31, 2015 and December 31, 2014</u>
Actuarial Valuation Date	
Actuarial Cost Method	Individual Entry Age Normal
Long-term Investment Rate of Return	8.10%
Discount Rate	8.10%
Inflation Rate	3%
Projected Salary Increase Rates	4.9%
Cost-of-Living Adjustment	0%
Retirement Age	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; for all eligible members ages 75 and older, retirement is assumed to occur immediately
Mortality-for the actuarial valuation date of December 31, 2015, all	Among active members
Mortality tables use base table RP-2000	RP-2000 Active Mortality Table for Males + 2 years
projected with Scale AA to 2014 and	RP-2000 Active Mortality Table for Females -- 4 years
then projected with 110% of the MP-2014	Among inactive vested members, service retirees & beneficiaries
Ultimate Scale after that. For December	RP-2000 Combined Mortality Table for Males + 1 year
31, 2014 valuation all Mortality tables	RP-2000 Combined Mortality Table for Females + 0 years
use generational mortality with	Among disability retirees
Projection Scale AA	RP-2000 Disabled Mortality Table for Males + 0 years
	RP-2000 Disabled Mortality Table for Females +2 year

Discount Rate

The discount rate used to determine the total pension liability as of December 31, 2016 and December 31, 2015 was 8.10%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. This method reflects the funding requirements under the Authority's funding policy and the legal requirements under the TCDRS Act as follows:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20 year closed layered periods.
- 2) Under the TCDRS Act, the Authority is legally required to make the contribution specified in the funding policy.
- 3) The Authority's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the Authority is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system the fiduciary net position as a percentage of total pension liability is expected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the Authority is equal to the long-term assumed rate of return on investments of 8.10% for both years presented.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.10%) or one percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
<u>December 31, 2015:</u>			
Net pension liability	\$ 6,353,951	\$ 1,057,791	\$ (3,436,932)
<u>December 31, 2014:</u>			
Net pension asset	\$ 2,624,407	\$ (2,269,840)	\$ (6,392,202)

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are based on January, 2016 information for a seven to ten year time frame. The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30 year time horizon, the most recent analysis was performed in 2013.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities-Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities-Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships	Alerian MLP Index	3.00%	6.80%
Private Real Estate	Cambridge Associates Real Estate Index (4)	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

(1) Target Asset Allocation was adopted at the April, 2016 TCDRS Board meeting

(2) Geometric Real Rates of Return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

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The capital market assumptions and information shown below are based on January, 2015 information for a seven to ten year time frame. The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30 year time horizon, the most recent analysis was performed in 2013.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities-Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities-Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate	Cambridge Associates Real Estate Index	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

(1) Target Asset Allocation was adopted at the April, 2015 TCERS Board meeting

(2) Geometric Real Rates of Return in addition to assumed inflation of 1.7%

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Net Pension Liability (Asset)

The changes in net pension asset for the measurement date of December 31, 2015 based on the actuarial date of December 31, 2015 is reflected below:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Position Liability (Asset)
Balances as of December 31, 2014	\$ 43,516,753	\$ 45,786,593	\$ (2,269,840)
Changes for the Year:			
Service cost	1,261,508	-	1,261,508
Interest on total pension liability	3,506,024	-	3,506,024
Effect of plan changes	(209,318)	-	(209,318)
Effect of economic/demographic gains or losses	(217,150)	-	(217,150)
Effect of assumptions changes or inputs	449,183	-	449,183
Refund of contributions	(120,502)	(120,502)	-
Benefit payments	(1,855,109)	(1,855,109)	-
Administrative expenses	-	(32,747)	32,747
Member contributions	-	979,505	(979,505)
Net investment income	-	(508,400)	508,400
Employer contributions	-	979,505	(979,505)
Other (allocated system-wide items)	-	44,753	(44,753)
Balances as of December 31, 2015	\$ 46,331,389	\$ 45,273,598	\$ 1,057,791

The changes in net pension asset for the measurement date of December 31, 2014 based on the actuarial date of December 31, 2014 is reflected below:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Position Liability (Asset)
Balances as of December 31, 2013	\$ 38,336,862	\$ 43,113,568	\$ (4,776,706)
Changes for the Year:			
Service cost	1,020,446	-	1,020,446
Interest on total pension liability	3,162,730	-	3,162,730
Effect of plan changes	2,280,346	-	2,280,346
Effect of economic/demographic gains or losses	570,613	-	570,613
Refund of contributions	(51,827)	(51,827)	-
Benefit payments	(1,802,417)	(1,802,417)	-
Administrative expenses	-	(34,241)	34,241
Member contributions	-	827,147	(827,147)
Net investment income	-	2,888,058	(2,888,058)
Employer contributions	-	827,147	(827,147)
Other (allocated system-wide items)	-	19,158	(19,158)
Balances as of December 31, 2014	\$ 43,516,753	\$ 45,786,593	\$ (2,269,840)

In December, 2014, the governing body of the Authority adopted an increase in the employer matching rate from 1:1 to 1.25:1 effective for the calendar year 2015. This change is reflected in the above table as a plan change of \$2,280,346.

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For the year ended December 31, 2016, the Authority recognized pension expense as follows:

	January 1, 2015 to December 31, 2015
Service cost	\$ 1,261,508
Interest on total pension liability	3,506,024
Effect of plan changes	(209,318)
Administrative expenses	32,747
Member contributions	(979,505)
Expected investment return net of investment expenses	(3,741,278)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	58,910
Recognition of assumption changes or inputs	74,864
Recognition of investment gains or losses	975,904
Other (allocated system-wide items)	(44,753)
Pension expense	\$ 935,103

For the year ended December 31, 2015, the Authority recognized pension expense as follows:

	January 1, 2014 to December 31, 2014
Service cost	\$ 1,020,446
Interest on total pension liability	3,162,730
Effect of plan changes	2,280,346
Administrative expenses	34,241
Member contributions	(827,147)
Expected investment return net of investment expenses	(3,517,901)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	95,102
Recognition of investment gains or losses	125,969
Other (allocated system-wide items)	(19,158)
Pension expense	\$ 2,354,628

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For the year ended December 31, 2016, the Authority recorded deferred outflows and inflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 380,408	\$ 180,958
Changes of assumptions	374,319	-
Net difference between projected and actual earnings	3,777,648	-
Contributions made subsequent to measurement date	996,832	-
TOTALS	\$ 5,529,207	\$ 180,958

Amounts currently reported as deferred outflows/inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:

2016	\$ 1,109,678
2017	1,109,678
2018	1,109,678
2019	983,710
2020	38,673
Thereafter	-
Total	\$ 4,351,417

For the year ended December 31, 2015, the Authority recorded deferred outflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 475,111	\$ -
Net difference between projected and actual earnings	503,874	-
Contributions made subsequent to measurement date	979,504	-
TOTALS	\$ 1,958,489	\$ -

Amounts currently reported as deferred outflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:

2015	\$ 221,071
2016	221,071
2017	221,071
2018	221,071
2019	95,101
Thereafter	-
Total	\$ 979,385

8. 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, 2016, 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 \$15,400 for the year ended December 31, 2016 and \$10,144 for the year ended December 31, 2015.

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.

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A statement of the calculation of the annual OPEB contribution and the change in the net OPEB obligation for the years ended December 31, 2016 and 2015 is as follows:

	2016	2015
Determination of Annual Required Contribution		
Normal Cost at Year End	\$ 68,857	\$ 68,857
Amortization of UAAL	64,461	56,488
Annual Required Contribution (ARC)	133,318	125,345
Determination of Net OPEB Obligation		
Annual Required Contribution	133,318	125,345
Interest on Prior Year Net OPEB Obligation	23,590	19,515
Adjustment to ARC	(40,811)	(32,839)
Annual OPEB Cost	116,097	112,021
Contributions Made	(15,400)	(10,144)
Increase in Net OPEB Obligation	100,697	101,877
Net OPEB Obligation - Beginning of Year	589,759	487,882
Net OPEB Obligation - End of Year	\$ 690,456	\$ 589,759

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:

Years Ended December 31,	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2016	4.00%	\$ 116,097	13.26%	\$ 690,456
2015	4.00%	112,021	9.06%	589,759
2014	4.00%	108,495	18.75%	487,882
2013	4.00%	153,655	18.61%	399,726

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
2016	\$ -	4.0%	\$ 931,515	\$ 931,515	0.0%	\$ 14,240,462	6.5%
2015	-	4.0%	839,232	839,232	0.0%	13,992,927	6.0%
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%

(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, 2016 is calculated as a level dollar over 20 years on a closed basis.

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 2016-2017:
	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

9. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2016, the Authority had remaining contractual construction and improvement commitments of approximately \$49,678,876. These commitments are being financed through operating revenues, bond proceeds, and capital grants.

10. COMMITMENTS AND CONTINGENCIES

LITIGATION

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

RISK MANAGEMENT

The Authority has a combined risk financing approach using both risk transfer and risk retention in order to appropriately manage risk in accordance with financial and operational goals. The Authority retains a maximum \$4,000,000 retention on the property insurance program with primary limits of \$25 million and excess limits of \$75 million for a combined limit of \$100 million. In order to manage liability loss exposures, various liability policies are purchased which include employment practices liability, property damage and bodily injury, law enforcement, cyber, and foreign liability. 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 \$3,191,344. 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, 2016, the liability of \$391,668 is comprised of estimated health claims of \$377,446 and estimated worker's compensation claims of \$14,222. At December 31, 2015, the liability of \$168,820 is comprised of estimated health claims of \$160,252 and estimated worker's compensation claims of \$8,568.

Changes in the balances of claims liabilities as of December 31, 2016 and 2015 are as follows:

	2016	2015
Unpaid claims, beginning of fiscal year	\$ 168,820	\$ 173,348
Incurring claims (including IBNRs)	4,074,450	3,484,158
Claim payments	(3,851,602)	(3,488,686)
Unpaid claims, end of fiscal year	\$ 391,668	\$ 168,820

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, 2016, facilities financing revenue bonds outstanding amounted to \$422,500,000.

HARBOR BRIDGE REPLACEMENT AND HILLCREST NEIGHBORHOOD RELOCATION

On August 8, 2016, groundbreaking for the U.S. 181 Harbor Bridge Replacement took place. The new bridge will be the longest precast cable-stayed span in the United States, and the third largest of its kind in the world. The clearance of the existing bridge is 138 feet and prevents larger ships from accessing the port. The new bridge will have a clearance of 205 feet, and will allow some of the world's largest ocean-going vessels entrance into the Inner Harbor of the Port of Corpus Christi. With the opening of the Panama Canal expansion in June, 2016, this will allow for greater opportunities in global trade. The new bridge is scheduled to be completed in 2021 and in addition to state and federal funding, local funding is being provided by the Authority, Nueces County, and San Patricio County. The Authority entered into a Local Project Advance Funding Agreement with the Texas Department of Transportation in 2015 to provide funding in the amount of \$15 million. This contribution is being paid over a five year period in equal installments, and \$9 million is outstanding as of December 31, 2016.

The plans for the new bridge will require a more gradual incline for the increased clearance and greatly impacts the residents and business owners of the predominantly minority Hillcrest neighborhood. The Federal Highway Administration (FHWA) and the Texas Department of Transportation (TxDOT) entered into a Voluntary Resolution Agreement to propose Title VI mitigation actions for the U.S. Highway 181 Harbor Bridge Replacement improvements to ensure the affected minority persons in the Hillcrest and Washington-Coles neighborhoods do not bear disproportionately adverse health or environmental effects as a result of the project. As the recipient of Federal-Aid Highway funds from FHWA, TxDOT is solely responsible for effectuating the actions in the agreement, and will provide with assistance for residential and business displacements and to work with the persons displaced to find decent, safe and sanitary dwellings in the resident's preferred locations through a Voluntary Acquisition and Relocation Benefits Program.

TxDOT has entered into a separate agreement with the Authority, the Corpus Christi Housing Authority of Nueces County, and the City of Corpus Christi for purposes of implementing the Voluntary Acquisition and Relocation Benefits Program. Under this agreement, the Authority will incur Acquisition Costs in carrying out the Voluntary Acquisition Plan and Relocation Program not to exceed \$20 million. The Acquisition Costs have been defined to include paying the acquisition and relocation service provider, purchasing neighborhood property, purchasing any other real property required under the Voluntary Acquisition Program, providing relocation benefits and moving expenses to eligible displaced owners and tenants of owner occupied property, eligible displaced tenants of residential rental property, and eligible displaced

businesses, providing relocation benefits and moving expenses to any other person or business in the neighborhood that is required under the Relocation Benefits Program, and demolishing dwellings and facilities acquired under the plan. All properties to be purchased will require an approved appraisal and transfer of the property with clear title will be conveyed to the Authority at the appraised value. If the Authority incurs expenditures in excess of \$20 million for the purposes above, TxDOT shall reimburse the Authority for the excess acquisition costs. Under the Voluntary Acquisition Plan, the sellers must have continuously owned the property from January 1, 2016 to the date of sale and have three years ending in May, 2019 to accept any offers of sale. As of December 31, 2016, the Authority has not incurred any costs of property acquisition or relocation costs, however, offers have been extended to owners of the properties and currently, written expressions of interest are being received from the neighborhood property owners.

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

**Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
Texas County and District Retirement System
Last Two Fiscal Years (Previous years are not available)**

PENSION PLAN:

	Measurement Year 2014	Measurement Year 2015
<u>TOTAL PENSION LIABILITY</u>		
Service Cost	\$ 1,020,446	\$ 1,261,508
Interest on Total Pension Liability	3,162,730	3,506,024
Effect of Plan Changes	2,280,346	(209,318)
Effect of Assumption Changes/Inputs	N/A	449,183
Effect of Economic/Demographic (Gains) or Losses	570,613	(217,150)
Benefit Payments/Contribution Refunds	(1,854,244)	(1,975,611)
Net Change in Total Pension Liability	5,179,891	2,814,636
Total Pension Liability, Beginning	38,336,862	43,516,753
Total Pension Liability, Ending	<u>\$ 43,516,753</u>	<u>\$ 46,331,389</u>
<u>FIDUCIARY NET POSITION</u>		
Employer Contributions	\$ 827,147	\$ 979,505
Member Contributions	827,147	979,505
Investment Income Net of Investment Expenses	2,888,058	(508,400)
Benefit Payments/Contribution Refunds	(1,854,244)	(1,975,611)
Administrative Expenses	(34,241)	(32,747)
Other	19,158	44,753
Net Change in Fiduciary Net Position	2,673,025	(512,995)
Fiduciary Net Position, Beginning	43,113,568	45,786,593
Fiduciary Net Position, Ending	<u>\$ 45,786,593</u>	<u>\$ 45,273,598</u>
<i>Net Pension Liability (Asset)</i>	<i>\$ (2,269,840)</i>	<i>\$ 1,057,791</i>
<i>Fiduciary Net Position as a Percentage of Total Pension Asset</i>	<i>105.22%</i>	<i>97.72%</i>
<i>Annual Covered Payroll</i>	<i>\$ 11,816,386</i>	<i>\$ 13,992,927</i>
<i>Net Pension Asset as a Percentage of Covered Payroll</i>	<i>(19.2%)</i>	<i>(7.6%)</i>

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

**Required Supplementary Information (Unaudited)
Schedule of Employer Contributions
Texas County and District Retirement System**

PENSION PLAN:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Actuarially Determined Contribution	\$ 784,733	\$ 838,335	\$ 935,773	\$ 959,095	\$ 771,971	\$ 831,354	\$ 400,446	\$ 405,302	\$ 787,802	\$ 710,599
Actual Employer Contributions	1,051,409	1,132,885	1,253,776	1,302,474	1,158,484	6,508,045	791,841	827,147	979,505	996,832
Contribution Deficiency (Excess)	(266,676)	(294,550)	(318,003)	(343,379)	(386,513)	(5,676,691)	(391,395)	(421,845)	(191,703)	(286,233)
Annual Covered Payroll	9,558,262	10,298,956	11,397,962	11,840,675	10,531,666	10,982,221	11,312,022	11,816,386	13,992,927	14,240,462
Contribution as a Percentage of Covered Payroll	11.00%	11.00%	11.00%	11.00%	11.00%	59.26%	7.00%	7.00%	7.00%	7.00%

NOTES TO SCHEDULE:

Valuation date: 12/31/2015

Actuarial determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are recorded.

Methods and Assumptions Used to Determine Contribution Rate for 2016:

Actuarial Cost Method	Entry age normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	1.0 years (based on contribution rate calculated in 12/31/2015 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	3.00%
Salary Increases	4.9% average over career including inflation
Investment Rate of Return	8% net of investment expenses, including inflation
Retirement Age	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; for all eligible members ages 75 and older, retirement is assumed to occur immediately. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

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

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

OPEB OBLIGATION:

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarial Valuation Date	1/1/2014	1/1/2014	1/1/2014
Actuarial Value of Assets	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 760,302	\$ 839,232	\$ 931,515
Funded Ratio	0.0%	0.0%	0.0%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 760,302	\$ 839,232	\$ 931,515
Annual covered Payroll	\$ 11,816,387	\$ 13,992,927	\$ 14,240,462
UAAL as a Percentage of Covered Payroll	6.4%	6.0%	6.5%

SUPPLEMENTAL SCHEDULES



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, 2016

OPERATING REVENUES:

	Actual	Budget	Variance (%)
Wharfage	\$ 42,337,275	\$ 49,579,073	(15)
Dockage	11,970,562	16,188,060	(26)
Security fees	6,070,139	7,132,535	(15)
Freight handling	3,463,593	2,837,061	22
Rail Charges	1,427,837	686,200	108
Building and land rentals	12,444,299	9,470,652	31
Conference center services	2,011,136	2,194,901	(8)
FTZ user fees	224,000	246,000	(9)
Dredge placement fees	1,870,497	-	100
Other	909,167	3,820,325	(76)
Total Operating Revenues	82,728,505	92,154,807	(10)

OPERATING EXPENSES:

Maintenance and operations	21,435,640	23,788,897	10
General and administrative	20,715,616	21,243,797	2
Depreciation	13,140,057	13,881,831	5
Total Operating Expenses	55,291,313	58,914,525	6
Operating Income	27,437,192	33,240,282	(17)

NON-OPERATING REVENUES (EXPENSES):

Investment income	1,184,692	713,925	66
Federal and other grant assistance	152,412	251,002	(39)
Loss on disposal of assets	(67,638)	-	(100)
Interest expense and fiscal charges	(2,973,844)	(4,140,297)	(28)
Contributions to Harbor Bridge Project	(1,885,410)	-	(100)
Contributions to other governmental agencies	(3,000,000)	(3,000,000)	0
Net Non-Operating Revenues	(6,589,788)	(6,175,370)	(7)
Income Before Capital Grants and Contributions	20,847,404	27,064,912	(23)

CAPITAL GRANTS AND CONTRIBUTIONS

Change in Net Position	\$ 33,976,257	\$ 42,620,771	(20)
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**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, 2016 and 2015

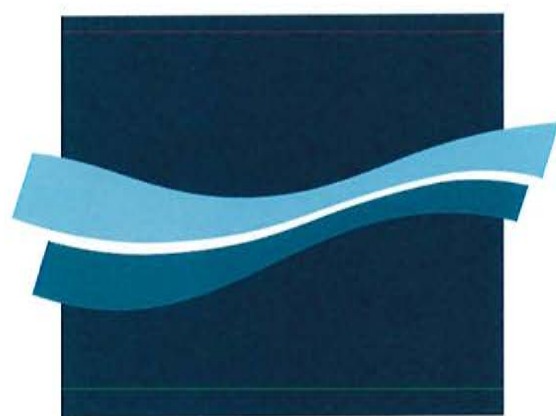
	2016	2015
MAINTENANCE AND OPERATIONS:		
Employee services	\$ 9,478,572	\$ 9,993,556
Maintenance	4,367,556	3,667,189
Utilities	980,564	1,073,706
Telephone	90,885	78,674
Insurance & claims	1,520,100	1,745,262
Professional services	1,160,192	864,991
Police expenses	1,552,251	31,320
Contracted services	149,847	1,334,780
Office and equipment rental	96,681	109,355
Operator and event expenses	1,712,280	1,624,343
Safety/Environmental	84,493	70,797
General	242,219	876,438
<i>Total Maintenance and Operations</i>	<u>\$ 21,435,640</u>	<u>\$ 21,470,411</u>
GENERAL AND ADMINISTRATIVE:		
Employee services	\$ 11,446,283	\$ 10,549,722
Maintenance	948,956	759,004
Utilities	162,490	160,630
Telephone	97,984	91,439
Insurance & claims	148,816	109,887
Professional services	4,462,954	4,363,193
Police expenses	2,943	1,227
Contracted services	140,500	49,477
Office and equipment rental	123,574	99,176
Administrative	2,578,220	2,667,808
Trade and sales development	172,765	165,955
Media advertising	327,641	311,184
Production	23,768	74,566
Safety/Environmental	45,881	43,037
General	32,841	23,172
<i>Total General and Administrative</i>	<u>\$ 20,715,616</u>	<u>\$ 19,469,477</u>

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

**Schedules of Facilities Financing Bonds
December 31, 2016**

<u>Description</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Series Maturity</u>	<u>Original Amount</u>	<u>Balance Outstanding</u>
Pollution Control Revenue Bonds:					
Hoechst Celanese, Series 2002A	6.450%	05/01/2002	2030	\$ 13,995,000	\$ -
Hoechst Celanese, Series 2002B	6.700%	05/01/2002	2030	39,000,000	-
Environmental Facilities Revenue Bonds:					
Citgo Petroleum, Series 2003 *	8.250%	05/01/2003	2031	39,200,000	19,300,000
Citgo Petroleum, Series 2006 *	Variable	10/01/2006	2036	50,000,000	50,000,000
Citgo Petroleum, Series 2007 *	Variable	05/01/2007	2037	45,000,000	45,000,000
Citgo Petroleum, Series 2008 *	Variable	04/01/2008	2043	50,000,000	50,000,000
Solid Waste Disposal Revenue Bonds:					
Flint Hills Res., Series 2002A	Variable	10/01/2002	2029	125,000,000	125,000,000
Flint Hills Res., Series 2002B	Variable	10/01/2002	2029	11,700,000	11,700,000
Flint Hills Res., Series 2003	Variable	04/01/2003	2028	19,500,000	19,500,000
Flint Hills Res., Series 2005	Variable	03/01/2005	2030	25,000,000	25,000,000
Flint Hills Res., Series 2006	Variable	04/01/2006	2030	42,000,000	42,000,000
Flint Hills Res., Series 2007	Variable	10/01/2007	2032	35,000,000	35,000,000
Total				<u>\$ 495,395,000</u>	<u>\$ 422,500,000</u>

* - Issued by the Industrial Development Corporation (IDC)



PORT**CORPUSCHRISTI**

STATISTICAL SECTION



PORT CORPUS CHRISTI®

Statistical Section

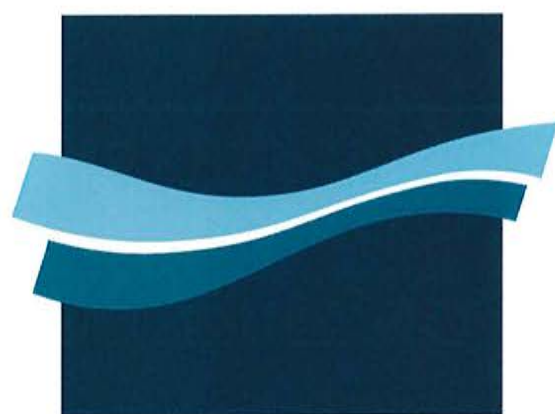
(Unaudited)

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

Contents

	<u>Page</u>
Financial Trends	59
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Revenue Capacity	63
These schedules contain information to help the reader access the factors affecting the Authority's ability to generate its most significant revenue sources.	
Debt Capacity	69
These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.	
Demographic and Economic Information	71
These schedules offer demographic and economic indicators to help the reader understand the environment with which the Authority's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	73
These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs.	
Additional Information	79
These schedules contain information as part of the Authority's effort to meet Continuing disclosure requirements related to outstanding bonds as permitted by SEC Rule 15c2-12.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Authority's comprehensive annual financial reports and business records for the relevant years.



PORTCORPUSCHRISTI

TABLE 1 (Unaudited)

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

**Changes in Net Position
Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Operating revenues:										
Wharfage	\$ 27,219,535	\$ 26,359,823	\$ 24,826,670	\$ 26,567,587	\$ 27,410,252	\$ 31,293,692	\$ 35,688,217	\$ 42,288,896	\$ 45,779,919	\$ 42,337,275
Dockage	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562
Security fees	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139
Freight handling	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593
Rail Charges	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837
Building and land rentals	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299
Conference center services	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136
Warehouse handling charges	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-	-
FTZ user fees	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000
Dredge placement fees	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497
Other	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244	909,167
Total operating revenues	44,929,457	51,051,193	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	81,809,445	93,421,855	82,728,505
Investment income	1,230,324	932,447	584,849	478,291	467,494	163,804	283,544	341,754	518,374	1,184,692
Federal and other grant assistance	-	284,048	17,570	60,806	169,966	337,965	290,727	180,655	227,714	152,412
Donation of personal property	-	-	-	225,825	4,500	-	-	-	-	-
Gain on disposal of assets	-	-	7,266	-	3,727,517	-	-	40,596	-	-
Total Revenues	46,159,781	52,267,688	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,372,450	94,167,943	84,065,609
Expenses										
Operating expenses:										
Maintenance and operations	21,392,329	21,842,912	20,697,782	20,248,511	22,760,814	22,721,681	18,144,056	23,367,865	21,470,411	21,435,640
General and administrative	12,521,179	13,007,565	15,029,743	14,939,210	13,830,284	17,835,428	15,378,025	15,891,293	19,469,477	20,715,616
Depreciation	8,442,640	9,648,639	10,060,645	12,165,114	13,381,562	13,738,571	12,024,981	12,310,557	12,822,653	13,140,057
Total operating expenses	42,356,148	44,499,116	45,788,170	47,352,835	49,972,660	54,295,680	45,547,062	51,569,715	53,762,541	55,291,313
Interest expense and fiscal charges	620,495	562,442	504,030	450,602	392,699	(51,908)	16,986	535	2,030,505	2,973,844
Bond issuance costs	37,828	28,615	20,735	10,743	-	-	-	-	1,139,597	-
Fiscal payments to subrecipients	-	284,048	-	-	-	128,730	-	-	-	-
Contributions to Harbor Bridge Commitment	-	-	-	-	-	-	-	-	-	-
Contributions to other government agencies	-	-	-	-	-	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	-
Total Expenses	10,293	308,883	-	8,643	-	9,517,670	102,957	-	3,000,000	1,885,410
Income/(Loss) Before Contributions	43,024,764	45,683,104	46,312,935	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250	65,762,525	63,218,205
Capital Contributions	3,135,017	6,584,584	722,640	5,221,951	12,703,079	(955,989)	32,375,219	30,802,200	28,405,418	20,847,404
Changes in Net Position	4,633,770	2,510,746	2,090,573	111,670,700	5,402,273	5,663,315	5,842,850	8,657,361	7,245,620	13,128,853
Total Net Position, Beginning of Year	7,768,787	9,095,330	2,813,213	116,892,651	18,105,352	4,707,326	38,218,069	39,459,561	35,651,038	33,976,257
Cumulative Effect of Change in Accounting Principle	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	488,106,572
Total Net Position, End of Year	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 488,106,572	\$ 522,082,829
Net Position at Year End										
Net investment in capital assets	\$ 204,800,725	\$ 202,587,244	\$ 211,984,713	\$ 321,470,695	\$ 334,092,868	\$ 245,665,607	\$ 273,398,051	\$ 293,461,952	\$ 288,144,036	\$ 306,107,673
Restricted	2,193,823	1,756,683	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709	36,031,915
Unrestricted	18,005,132	29,751,083	23,175,878	30,402,517	35,889,132	130,695,182	141,400,887	160,793,708	163,808,827	179,943,241
Total Net Position	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 488,106,572	\$ 522,082,829

TABLE 2 (Unaudited)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Revenues:										
Wharfage	\$27,219,535	\$26,359,823	\$24,826,670	\$26,567,587	\$27,410,252	\$31,293,692	\$35,688,217	\$42,288,896	\$45,779,919	\$42,337,275
Dockage	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562
Security fees	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139
Freight handling	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593
Rail Charges	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837
Building and land rentals	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299
Conference center services	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136
Warehouse handling charges	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-	-
FTZ user fees	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000
Dredge placement fees	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497
Other	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244	909,167
	<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>	<u>\$93,421,855</u>	<u>\$82,728,505</u>
Non-Operating Revenues:										
Other:										
Investment income	\$ 1,230,324	\$ 932,447	\$ 584,849	\$ 478,291	\$ 467,494	\$ 163,804	\$ 283,544	\$ 341,754	\$ 518,374	\$ 1,184,692
Other	-	284,048	24,836	286,631	3,901,983	337,965	290,727	221,251	227,714	152,412
	<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>	<u>\$ 746,088</u>	<u>\$ 1,337,104</u>

TABLE 3 (Unaudited)

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

**Expenses by Type
Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 6,952,412	\$ 8,255,443	\$ 7,866,038	\$ 8,374,106	\$ 7,810,947	\$ 8,258,807	\$ 7,324,312	\$ 8,304,043	\$ 9,993,556	\$ 9,478,572
Maintenance	6,483,605	6,340,774	4,987,113	3,538,398	5,136,098	4,896,773	3,679,718	6,122,959	3,667,189	4,367,556
Utilities	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822	1,735,122	902,342	1,004,905	1,073,706	980,564
Telephone	35,699	29,991	26,436	35,286	101,960	94,604	85,538	80,639	78,674	90,885
Insurance & claims	2,017,983	1,902,331	1,844,918	2,266,112	2,099,345	2,311,581	2,023,472	1,911,090	1,745,262	1,520,100
Professional services	344,073	424,975	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991	1,160,192
Police expenses	39,442	74,106	55,218	66,434	14,233	24,006	14,435	16,461	31,320	1,552,251
Contracted services	2,166,855	1,834,442	1,426,265	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137	1,334,780	149,847
Office and equipment rental	124,691	91,004	97,627	73,983	142,778	65,037	55,691	79,023	109,355	96,681
Operator and event expenses	1,523,025	1,280,002	1,550,059	1,415,417	1,538,092	1,678,367	1,427,944	1,547,155	1,624,343	1,712,280
Warehouse supplies	38,292	68,428	44,700	9,037	8,024	-	-	-	-	-
Safety/Environmental	62,693	90,947	71,246	69,075	83,442	77,086	98,478	107,859	70,797	84,493
General	220,500	93,105	196,113	129,909	185,198	175,307	220,554	494,274	876,438	242,219
	<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>	<u>\$21,470,411</u>	<u>\$21,435,640</u>
General and Administrative:										
Employee services	\$ 6,808,607	\$ 7,349,030	\$ 7,837,903	\$ 7,692,080	\$ 7,224,377	\$ 7,423,777	\$ 7,272,765	\$ 8,001,279	\$ 10,549,722	\$ 11,446,283
Maintenance	351,566	320,610	432,088	453,408	501,087	509,303	530,688	648,221	759,004	948,956
Utilities	222,481	196,865	224,245	172,703	194,864	171,122	149,405	159,148	160,630	162,490
Telephone	213,248	231,958	209,267	196,626	115,447	100,921	73,896	83,776	91,439	97,984
Insurance & claims	108,314	84,451	96,638	124,620	92,492	97,774	429,990	99,451	109,887	148,816
Professional services	2,290,016	2,419,843	3,322,950	3,526,850	3,046,566	7,092,409	3,993,766	3,870,383	4,363,193	4,462,954
Police expenses	216	314	174	82	82	-	190	1,616	1,227	2,943
Contracted services	198,260	88,262	64,213	151,445	100,952	59,756	23,431	26,167	49,477	140,500
Office and equipment rental	10,173	18,264	40,406	59,809	65,104	76,941	92,118	86,761	99,176	123,574
Administrative	1,925,958	1,873,318	2,392,822	2,108,277	2,035,746	1,869,480	2,140,507	2,309,972	2,667,808	2,578,220
Trade and sales development	146,161	148,946	204,427	157,237	184,528	188,894	200,500	209,900	165,955	172,765
Media advertising	157,725	109,262	108,425	206,557	195,766	190,661	225,363	232,608	311,184	327,641
Production	30,773	27,917	48,319	25,678	24,222	21,774	33,424	41,061	74,566	23,768
Safety/Environmental	26,992	38,206	22,681	21,544	23,299	23,651	26,732	28,007	43,037	45,881
General	30,689	100,319	25,185	42,294	25,752	8,965	185,250	92,943	23,172	32,841
	<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>	<u>\$19,469,477</u>	<u>\$20,715,616</u>
Depreciation	\$ 8,442,640	\$ 9,648,639	\$ 10,060,645	\$ 12,165,114	\$ 13,381,562	\$ 13,738,571	\$ 12,024,981	\$ 12,310,557	\$ 12,822,653	\$ 13,140,057
Non-Operating Expenses:										
Other:										
Interest	\$ 658,323	\$ 591,057	\$ 504,030	\$ 450,602	\$ 392,699	\$ (51,908)	\$ 16,986	\$ 535	\$ 2,030,505	\$ 2,973,844
Other	10,293	592,931	20,735	19,386	-	9,646,400	102,957	-	9,969,479	4,953,048
	<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>	<u>\$ 11,999,984</u>	<u>\$ 7,926,892</u>

TABLE 4 (Unaudited)

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

Financial Performance Indicators

Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Revenues (OR)	\$ 44,929,457	\$ 51,051,193	\$ 46,425,890	\$ 52,279,852	\$ 58,698,961	\$ 62,432,414	\$ 77,467,953	\$ 81,809,445	\$ 93,421,855	\$ 82,728,505
Operating Expenses (OE) *	(33,913,508)	(34,850,477)	(35,727,525)	(35,187,721)	(36,591,098)	(40,557,109)	(33,522,081)	(39,259,158)	(40,939,888)	(42,151,256)
Net Operating Income (NOI)	11,015,949	16,200,716	10,698,365	17,092,131	22,107,863	21,875,305	43,945,872	42,550,287	52,481,967	40,577,249
Non-Operating Revenues	1,230,324	1,216,495	609,685	764,922	4,369,477	501,769	574,271	563,005	746,088	1,337,104
Non-Operating Expenses	(668,616)	(1,183,988)	(524,765)	(469,988)	(392,699)	(9,594,492)	(119,943)	(535)	(11,999,984)	(7,926,892)
Net Income "A" (NI" A ")	11,577,657	16,233,223	10,783,285	17,387,065	26,084,641	12,782,582	44,400,200	43,112,757	41,228,071	33,987,461
Depreciation	(8,442,640)	(9,648,639)	(10,060,645)	(12,165,114)	(13,381,562)	(13,738,571)	(12,024,981)	(12,310,557)	(12,822,653)	(13,140,057)
Net Income (Loss) "B" (NI" B ")	\$ 3,135,017	\$ 6,584,584	\$ 722,640	\$ 5,221,951	\$ 12,703,079	\$ (955,989)	\$ 32,375,219	\$ 30,802,200	\$ 28,405,418	\$ 20,847,404
Net Capital Assets (NCA) **	\$ 173,486,988	\$ 218,586,423	\$ 216,324,078	\$ 310,154,387	\$ 308,029,828	\$ 205,249,468	\$ 236,941,202	\$ 241,815,700	\$ 297,825,250	\$ 296,380,248
Total Assets (TA)	\$ 258,145,439	\$ 263,271,819	\$ 265,643,291	\$ 383,387,219	\$ 399,959,365	\$ 398,840,431	\$ 435,235,356	\$ 485,074,255	\$ 625,138,463	\$ 677,119,779

Operating Indicators:

Operating ROI (NOI/NCA)	6.35%	7.41%	4.95%	5.51%	7.18%	10.66%	18.55%	17.60%	17.62%	13.69%
Operating Margin (NOI/OR)	24.52%	31.73%	23.04%	32.69%	37.66%	35.04%	56.73%	52.01%	56.18%	49.05%
Operating Ratio (OE/OR)	75.48%	68.27%	76.96%	67.31%	62.34%	64.96%	43.27%	47.99%	43.82%	50.95%

Other ROI Indicators:

ROI "A" (NI" A " / TA)	4.48%	6.17%	4.06%	4.54%	6.52%	3.20%	10.20%	8.89%	6.60%	5.02%
ROI "B" (NI" B " / TA)	1.21%	2.50%	0.27%	1.36%	3.18%	-0.24%	7.44%	6.35%	4.54%	3.08%

* - Excludes Depreciation

** - Excludes Construction in Progress

TABLE 5 (Unaudited)

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

**Port Commerce By Commodity
Last Ten Years**

Commodity By Port Division - Short tons										
Inner Harbor										
Break Bulk	215,964	256,612	133,037	157,781	122,055	214,010	62,310	133,938	238,695	248,471
Grain	3,367,057	5,409,827	3,951,347	4,100,774	4,183,095	2,563,535	2,972,973	4,068,716	3,396,829	4,169,145
Chemical	52,709	68,760	43,982	37,814	58,377	58,066	41,198	99,979	135,841	105,512
Dry Bulk	2,420,282	2,318,675	1,974,232	2,038,029	2,821,831	2,317,603	2,805,899	3,639,556	3,834,620	3,548,129
Liquid Bulk	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750
Petroleum	67,124,801	62,558,169	56,586,340	61,163,028	59,446,567	60,393,806	67,817,495	78,273,324	83,327,585	74,015,877
Total	73,693,849	70,913,050	62,820,038	68,003,637	67,165,468	66,101,356	74,175,660	86,709,363	91,513,625	82,519,884
La Quinta										
Break Bulk	-	-	-	1,369	-	-	3,551	105,282	111,346	85,069
Chemical	1,796,165	1,561,258	1,366,046	1,430,429	1,685,331	1,907,946	1,910,564	2,105,444	1,822,132	2,095,329
Dry Bulk	5,780,257	5,572,667	4,467,692	4,809,114	5,817,275	5,585,549	6,078,632	5,518,508	4,448,951	3,357,428
Petroleum	26,925	26,607	18,766	22,404	41,750	25,319	14,228	23,906	17,370	23,548
Total	7,603,347	7,160,532	5,852,504	6,263,316	7,544,356	7,518,814	8,006,975	7,753,140	6,399,799	5,561,374
Harbor Island										
Break Bulk	6	2	-	-	-	-	-	-	-	-
Petroleum	-	-	-	-	-	-	-	-	-	-
Total	6	2	-	-	-	-	-	-	-	-
Ingleside										
Break Bulk	224,714	277,147	178,826	169,609	175,551	175,287	263,119	31,458	58,348	12,271
Dry Bulk	42,722	-	-	7,012	4,615	10,742	829	5,274	2,804	345
Petroleum	7,741,913	7,475,838	7,660,416	7,715,429	5,330,829	4,957,218	6,427,951	6,087,182	5,503,512	6,198,461
Total	8,009,349	7,752,985	7,839,242	7,892,050	5,510,995	5,143,247	6,691,899	6,123,914	5,564,664	6,211,077
Rincon Point										
Break Bulk	4,519	18,829	6,130	10,500	9,025	1,669	-	-	-	-
Grain	10,329	14,040	-	12,503	31,726	15,312	11,235	1,600	-	-
Dry Bulk	(1,707)	-	1,734	12,291	48,647	25,790	5,835	-	-	-
Total	13,141	32,869	7,864	35,294	89,398	42,771	17,070	1,600	-	-
Total	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,335
Commodity Totals - Short tons										
Break Bulk	445,203	552,590	317,993	339,259	306,631	390,966	328,980	270,678	408,389	345,811
Grain	3,377,386	5,423,867	3,951,347	4,113,277	4,214,821	2,578,847	2,984,208	4,070,316	3,396,829	4,169,145
Chemical	1,848,874	1,630,018	1,410,028	1,468,243	1,743,708	1,966,012	1,951,762	2,205,423	1,957,973	2,200,842
Dry Bulk	8,241,554	7,891,342	6,443,658	6,866,446	8,692,368	7,939,684	8,891,195	9,163,338	8,286,375	6,905,901
Liquid Bulk	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750
Petroleum	74,893,639	70,060,614	64,265,522	68,900,861	64,819,146	65,376,343	74,259,674	84,384,412	88,848,467	80,237,886
Total	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,335

TABLE 5 (Unaudited - Continued)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

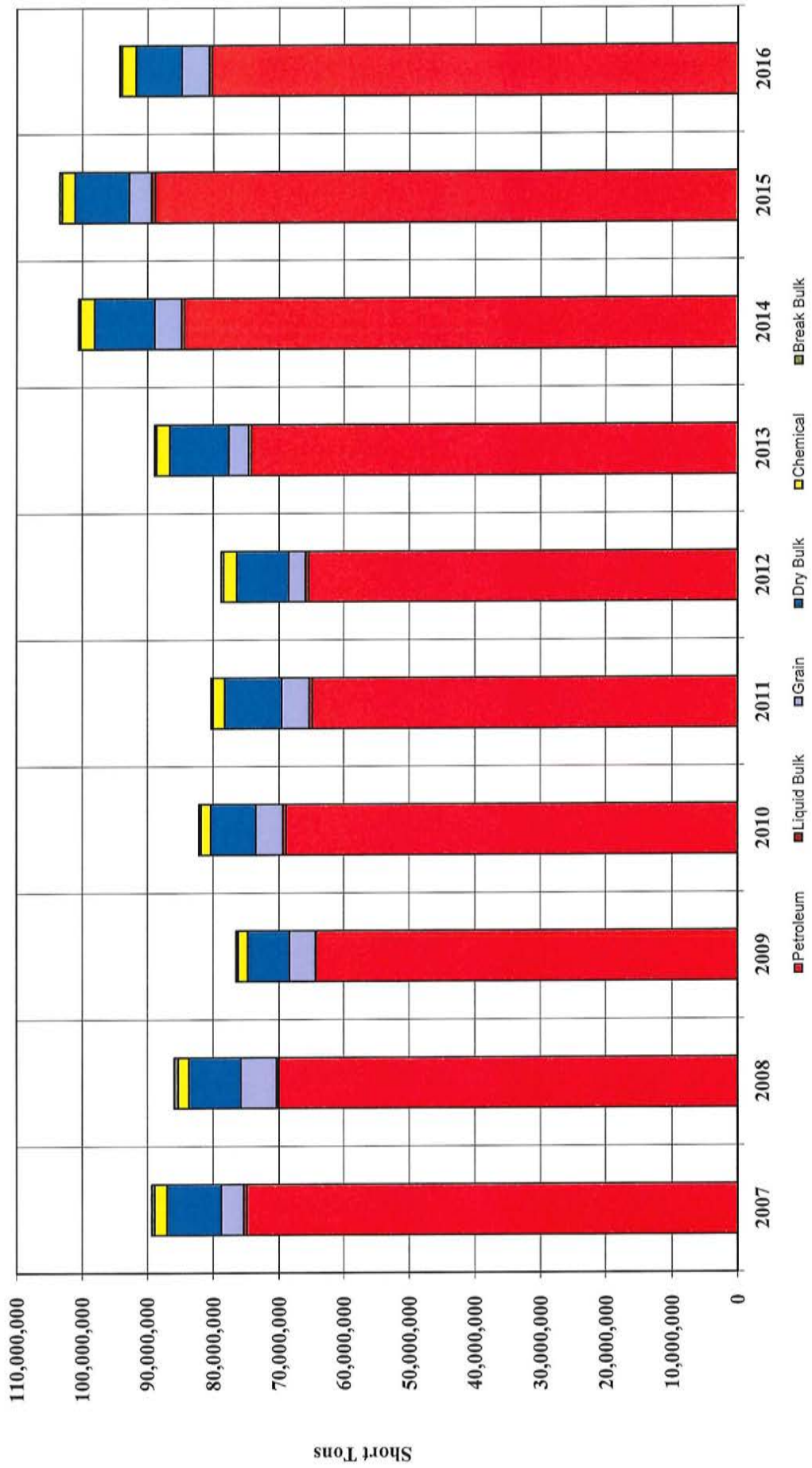


TABLE 6 (Unaudited)

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

**Vessel Traffic
Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Inner Harbor										
<i>Ships</i>										
Dry Cargo	371	452	250	267	280	226	224	223	283	293
Tankers	753	744	746	783	780	760	873	986	1,143	1,039
<i>Barges</i>	4,388	4,117	3,700	4,168	3,878	4,580	5,087	6,475	5,479	4,478
<i>Total Vessels</i>	5,512	5,313	4,696	5,218	4,938	5,566	6,184	7,684	6,905	5,810
La Quinta Harbor										
<i>Ships</i>										
Dry Cargo	157	150	123	124	117	114	125	130	104	88
Tankers	95	61	62	69	101	116	114	130	124	140
<i>Barges</i>	169	107	80	124	90	59	88	101	118	80
<i>Total Vessels</i>	421	318	265	317	308	289	327	361	346	308
Harbor Island										
<i>Ships</i>										
Dry Cargo	630	227	-	-	-	-	-	-	-	-
Tankers	-	-	-	-	-	-	5	-	-	-
<i>Barges</i>	-	-	-	-	1	-	2	-	-	-
<i>Total Vessels</i>	630	227	-	-	1	-	7	-	-	-
Ingleside Harbor										
<i>Ships</i>										
Dry Cargo	34	24	24	59	42	37	29	60	31	35
Tankers	90	93	107	105	75	65	94	70	89	89
<i>Barges</i>	48	58	67	67	51	123	225	353	190	124
<i>Total Vessels</i>	172	175	198	231	168	225	348	483	310	248
Rincon Point										
<i>Barges</i>	6	8	2	3	2	2	6	-	-	-
<i>Total Vessels</i>	6	8	2	3	2	2	6	-	-	-
Total										
<i>Ships</i>										
Dry Cargo	1,192	853	397	450	439	377	378	413	418	416
Tankers	938	898	915	957	956	941	1,086	1,186	1,356	1,268
<i>Barges</i>	4,611	4,290	3,849	4,362	4,022	4,764	5,408	6,929	5,787	4,682
<i>Total Vessels</i>	6,741	6,041	5,161	5,769	5,417	6,082	6,872	8,528	7,561	6,366

TABLE 6 (Unaudited - Continued)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years

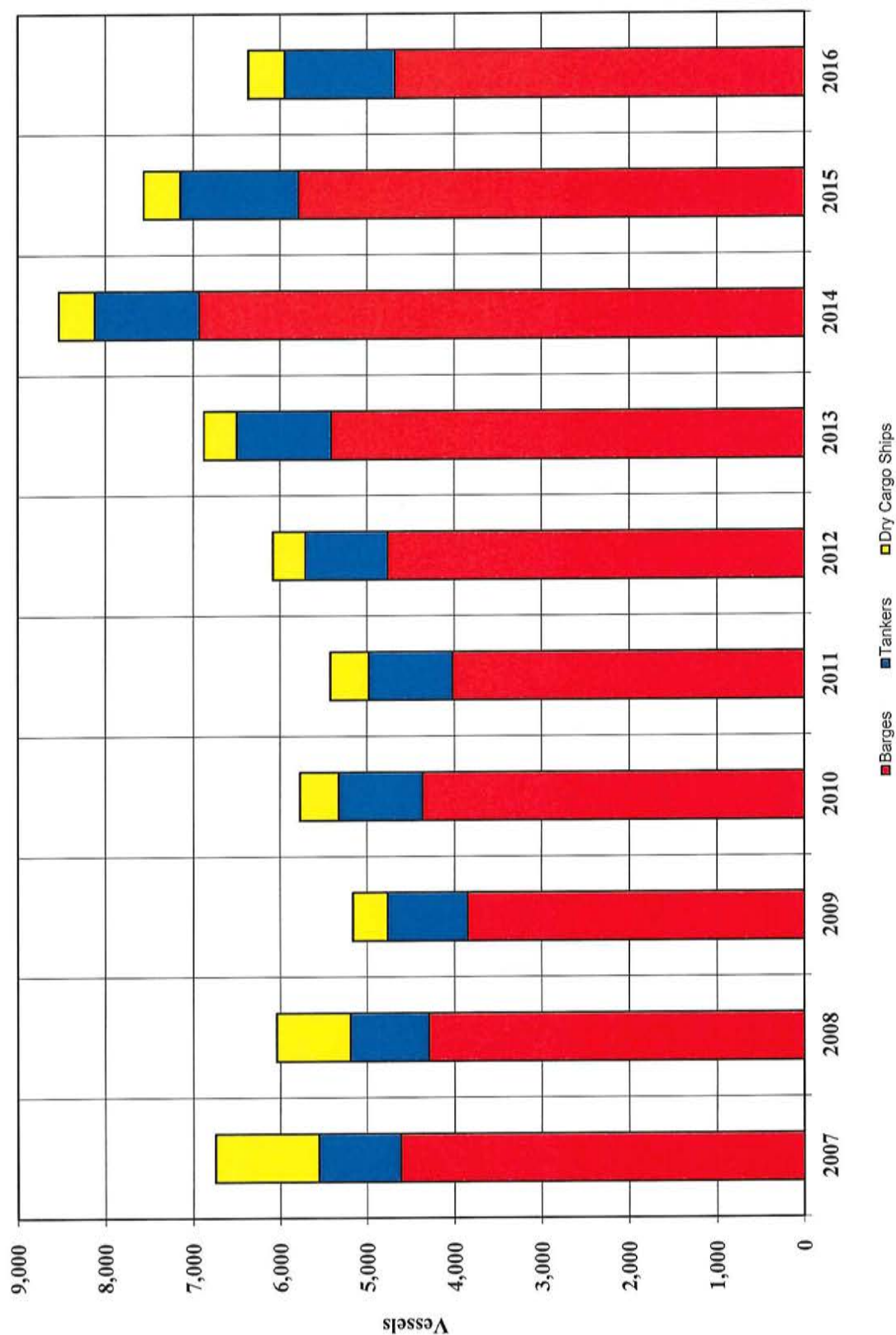


TABLE 7 (Unaudited)

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

		Tariff Rates Last Ten Years									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Wharfage Rates											
All Cargo NOS	U/M										
Dry Bulk	W/M	\$2,5000	\$2,7500	\$2,8600	\$2,8500	\$2,8900	\$3,0400	\$3,1000	\$3,2200	\$3,3100	\$3,3900
Liquid Bulk	S/T	\$0,6000	\$0,6000	\$0,6200	\$0,9000	\$1,0500	\$1,2500	\$1,2800	\$1,3300	\$1,3700	\$1,4000
Beans, Lentils & Peas	BRL	\$0,0800	\$0,0800	\$0,0831	\$0,0828	\$0,0839	\$0,0883	\$0,0901	\$0,0937	\$0,0965	\$0,0987
Cotton	S/T	\$0,5000	\$0,5500	\$0,5700	\$0,5700	\$0,5800	\$0,6100	\$0,6200	\$0,6400	\$0,6600	\$0,6700
Grain and Grain Products	Bale	\$0,4800	\$0,4800	\$0,5000	\$0,5000	\$0,5100	\$0,5400	\$0,5500	\$0,5700	\$0,5900	\$0,6000
Grain and Grain Products (bulk)	S/T	\$0,5000	\$0,7000	\$1,3000	\$1,2900	\$1,3100	\$1,3800	\$1,4100	\$1,4700	\$1,5100	\$1,5500
Iron and Steel Articles	S/T	\$0,1700	\$0,2500	\$0,2600	\$0,2600	\$0,2600	\$0,2700	\$0,2800	\$0,2900	\$0,3000	\$0,3100
Machinery, agricultural	S/T	\$1,2000	\$1,8000	\$1,8700	\$1,8600	\$1,8800	\$1,9800	\$2,0200	\$2,1000	\$2,1600	\$2,2100
Machinery, grading, earth moving	S/T	\$1,7600	\$2,7500	\$2,8600	\$2,8500	\$2,8900	\$3,0400	\$3,1000	\$3,2200	\$3,3100	\$3,3900
Military Cargo	S/T	\$2,0000	\$2,7500	\$2,8600	\$2,8500	\$2,8900	\$3,0400	\$3,1000	\$3,2200	\$3,3100	\$3,3900
Milk, dehydrated	S/T	\$2,3000	\$2,3000	\$5,3800	\$5,3600	\$5,4300	\$5,7200	\$5,8400	\$6,0700	\$6,2500	\$6,3900
Passengers	S/T	\$0,5000	\$0,7000	\$1,5200	\$1,5100	\$1,5300	\$1,6100	\$1,6400	\$1,7100	\$1,7600	\$1,8000
Power Generation/Plant Equipment	Person	\$5,0000	\$5,0000	\$5,0000	\$4,9800	\$5,0500	\$5,5300	\$5,6400	\$5,8600	\$6,0300	\$6,1700
Refrigerated Cargo	S/T	\$1,9000	\$2,7500	\$2,8500	\$2,8400	\$2,8800	\$3,0300	\$3,1000	\$3,2200	\$3,3100	\$3,3900
Rice and Rice Products	S/T	\$1,3000	\$1,3000	\$1,3000	\$1,2900	\$1,3100	\$1,3800	\$1,4100	\$1,4700	\$1,5100	-
Sand, aggregates, caliche, limestone	S/T	\$0,5000	\$0,7000	\$1,3000	\$1,2900	\$1,3100	\$1,3800	\$1,4100	\$1,4700	\$1,5100	\$1,5500
Vegetable oil	S/T	\$0,6000	\$0,6000	\$0,6200	\$0,9000	\$1,0500	\$1,2500	\$1,2800	\$1,3300	\$1,3700	\$1,4000
Vehicles	S/T	\$1,2000	\$1,2000	\$1,2500	\$1,2500	\$1,2700	\$1,3400	\$1,3700	\$1,4200	\$1,4600	\$1,5000
Vessels, pressure	S/T	\$3,4000	\$4,7500	\$4,9400	\$4,9200	\$4,9800	\$5,2400	\$5,3500	\$5,5600	\$5,7200	\$5,8500
	S/T	\$3,4000	\$3,4000	\$3,5300	\$3,5200	\$3,5700	\$3,7600	\$3,8400	\$3,9900	\$4,1100	\$4,2000
Dockage Rates											
General Cargo											
Vessels			Dry/Liquid								
0-199	Feet	\$1.97	\$2.28/\$1.62	\$2.37	\$2.36	\$2.39	\$2.52	\$2.57	\$2.67	\$2.75	\$2.81
200-399	Feet	\$2.55	\$2.99/\$2.10	\$3.11	\$3.10	\$3.14	\$3.31	\$3.38	\$3.51	\$3.61	\$3.70
400-499	Feet	\$3.50	\$4.23/\$2.88	\$4.40	\$4.38	\$4.44	\$4.67	\$4.76	\$4.95	\$5.10	\$5.21
500-599	Feet	\$4.67	\$5.69/\$3.85	\$5.91	\$5.89	\$5.97	\$6.28	\$6.41	\$6.66	\$6.86	\$7.01
600-699	Feet	\$5.43	\$6.51/\$4.47	\$6.77	\$6.74	\$6.83	\$7.19	\$7.34	\$7.63	\$7.85	\$8.03
700-799	Feet	\$6.89	\$8.39/\$5.67	\$8.72	\$8.69	\$8.80	\$9.26	\$9.45	\$9.83	\$10.12	\$10.35
800-899	Feet	\$8.29	\$10.10/\$6.83	\$10.50	\$10.46	\$10.60	\$11.16	\$11.39	\$11.84	\$12.19	\$12.47
900 +	Feet	\$9.92	\$12.08/\$8.17	\$12.55	\$12.50	\$12.66	\$13.33	\$13.60	\$14.14	\$14.56	\$14.89
Barges - Inland Waterway	Feet	\$0.09 NRT	\$90.00 Flat	\$95.00 Flat	\$125.00	\$126.64	\$133.30	\$136.01	\$150.00	\$154.41	\$157.93
Bulk Terminal	GRT	\$0.13	\$0.49	\$0.51	\$0.41	\$0.42	\$0.44	\$0.45	\$0.47	\$0.48	\$0.49
Liquid Bulk											
Vessels											
Barges	DWT	\$0.025	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
0-360 Feet	Barge	\$70.00	\$90.00	\$95.00	\$125.00	\$126.64	\$133.30	\$136.01	\$150.00	\$154.41	\$154.41
360 +	Barge	\$700.00	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
Harbor Safety Fee ²											
Ships											
Barges	Ship	\$240.00	\$275.00	\$275.00	\$2,032.00	\$2,032.00	\$2,032.00	\$2,032.00	\$1,153.00	\$1,153.00	\$1,153.00
	Barge	\$30.00	\$35.00	\$35.00	\$230.00	\$230.00	\$230.00	\$230.00	\$132.00	\$132.00	\$132.00
Security Surcharge Fee ¹											
		11.5%	12.0%	10.0%	10.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

¹ Security surcharge fee is calculated on wharfage and dockage billings

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

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

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

TABLE 8 (Unaudited)

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

**Ten Largest Customers
December 31, 2016 and 2007**

WHARFAGE and DOCKAGE REVENUE:

Customer	2016				2007			
	Wharfage and Dockage Revenue	Rank	%		Wharfage and Dockage Revenue	Rank	%	
Valero	\$ 9,331,500	1	17.18%		\$ 8,871,035	1	26.97%	
Citgo	7,633,707	2	14.06%		7,182,176	2	21.84%	
Flint Hills	5,403,717	3	9.95%		5,800,826	3	17.64%	
Buckeye Texas Hub LLC	4,135,172	4	7.61%		-			
Martin Operating	2,634,544	5	4.85%		1,948,698	4	5.92%	
Nu Star Logistics	2,618,538	6	4.82%		-			
Max Shipping, Inc.	2,063,984	7	3.80%		-			
GE Energy Logistics	1,650,918	8	3.04%		-			
Moran-Gulf Shipping Agency	1,494,665	9	2.75%		-			
Biehl & Company	1,421,269	10	2.62%		349,452	10	1.06%	
Equistar	-				1,338,098	5	4.07%	
Koch	-				492,853	6	1.50%	
Dix-Fairway Terminals	-				377,565	7	1.15%	
Valls Shipping Co.	-				353,776	8	1.08%	
Port Corpus Terminal	-				350,995	9	1.07%	
Subtotal (10 largest)	38,388,014		70.69%		27,065,473		82.29%	
Other	15,919,823		29.31%		5,826,441		17.71%	
Total	\$ 54,307,837		100.00%		\$ 32,891,914		100.00%	

TONNAGE:

Customer	2016				2007			
	Tonnage	Rank	%		Tonnage	Rank	%	
Citgo	23,238,335	1	24.64%		24,705,504	1	27.66%	
Valero	22,655,008	2	24.03%		23,338,573	2	26.13%	
Flint Hills	11,753,018	3	12.46%		17,050,537	3	19.09%	
Buckeye Texas Hub LLC	11,123,933	4	11.80%					
Nu Star Logistics	4,888,198	5	5.18%		3,214,264	5	3.60%	
Martin Operating Partners	3,600,643	6	3.82%					
ADM/Gromark River System, Inc.	2,285,602	7	2.42%		1,987,155	8	2.22%	
Sherwin Alumina Company LP	2,267,677	8	2.40%		5,779,703	4	6.47%	
Occidental Chemical Corp.	2,095,329	9	2.22%		1,796,165	9	2.01%	
Interstate Grain Port Terminal	1,883,412	10			1,408,634	10	1.58%	
Equistar	-				2,058,123	6	2.30%	
Koch	-				* 2,044,000	7	2.29%	
Subtotal (10 largest)	85,791,155		90.98%		83,382,658		93.35%	
Other	8,501,181		9.02%		5,937,036		6.65%	
Total	94,292,336		100.00%		89,319,694		100.00%	

* Flint Hills was formerly Koch Petroleum

TABLE 9 (Unaudited)

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

**Ratios of Outstanding Debt
Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue Bonds	\$ 12,005,000	\$ 10,885,000	\$ 9,725,000	\$ 8,515,000	\$ 7,250,000	\$ -	\$ -	\$ -	\$ 115,000,000	\$ 110,640,000
Capital Leases	47,622	46,215	27,384	10,285	521	-	-	-	-	-
Total Outstanding Debt	\$ 12,052,622	\$ 10,931,215	\$ 9,752,384	\$ 8,525,285	\$ 7,250,521	\$ -	\$ -	\$ -	\$ 115,000,000	\$ 110,640,000
Per Capita	\$371	\$305	\$290	\$240	\$190	\$ -	\$ -	\$ -	2,673	2,542
Percent of Personal Income	0.09%	0.07%	0.07%	0.06%	0.04%	-	-	-	0.6%	0.6%

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**

**Pledged 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
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	-	-	-
2015	94,167,943	43,942,020	50,225,923	5,750,000	2,750,323	8,500,323
2016	84,065,609	47,050,348	37,015,261	5,823,158	2,677,185	8,500,343

(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 and interest on retainage and other non-operating expenses paid in cash, excluding depreciation and gain (loss) on disposal of capital assets

(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**

	2007	2008	2009	2010	2011	2012	2013	2014	2015(E)	2016
Population (1)	420,407	423,168	427,262	428,026	431,051	437,012	443,448	448,108	449,323	452,422
Personal Income-(in thousands) (1)	\$ 13,660,323	\$ 15,177,801	\$ 14,391,053	\$ 15,230,833	\$ 16,434,306	\$ 17,206,720	\$ 17,641,544	\$ 18,659,017	\$ 19,328,061	\$ 19,691,711
Per Capita Personal Income (1)	\$ 32,493	\$ 35,867	\$ 33,682	\$ 35,584	\$ 38,126	\$ 39,374	\$ 39,783	\$ 41,640	\$ 43,016	\$ 43,525
Unemployment rate (2)	4.40%	4.70%	6.90%	8.10%	8.00%	6.50%	6.00%	5.05%	4.95%	5.74%

Source:

(1) Bureau of Economic Analysis (updated November 17, 2016-- new estimates for 2015; revised estimates for 1998-2014.)

(2) Bureau of Labor Statistics

(E) Estimate of 2015 population from the Texas Department of State Health Services

Unemployment % 2016 (2)

Jan	5.50%
Feb	5.30%
Mar	5.60%
Apr	5.30%
May	5.30%
Jun	6.00%
Jul	6.20%
Aug	6.20%
Sep	6.20%
Oct	5.60%
Nov	5.60%
Dec	6.10%
Avg	<u>5.74%</u>

TABLE 12 (Unaudited)

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

**Principal Employers
December 31, 2016 and 2007**

Employer	2016			2007		
	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	2.23%	3,541	5	1.51%
Corpus Chirsti ISD	5,178	2	1.99%	5,178	3	2.21%
CHISTUS Spohn Heath Systems	5,144	3	1.98%	5,400	2	
H.E.B.	5,000	4	1.92%	5,000	4	2.13%
City of Corpus Christi	3,171	5	1.22%	3,171	6	1.35%
Corpus Christi Naval Air Station	2,827	6	1.09%	5,525	1	2.36%
Keiwit Offshore Service	2,200	7	0.85%			
Bay, Ltd	2,100	8	0.81%	2,100	7	
Driscoll Chidren's Hospital	1,800	9	0.69%			
Del Mar College	1,542	10	0.59%	1542	8	
Total	34,762		13.37%	31,457		9.56%

Source:

Employers and Number of Employees provided by Corpus Christi Regional Economic and Development Corporation

Corpus Christi, Texas MSA Employment provided by Bureau of Economic Analysis

TABLE 13 (Unaudited)

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

**Employees by Function
Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operations:										
Cold Storage Facility	12	9	-	-	-	-	-	-	-	-
Bulk Terminal Facility	16	17	17	14	17	18	22	23	22	21
Harbormaster's Office	10	10	10	9	9	9	9	8	9	10
Lift Bridge	5	-	-	-	-	-	-	-	-	-
Maintenance	43	43	48	46	45	45	38	40	43	44
Police Department	40	44	49	51	46	44	43	48	48	48
	126	123	124	120	117	116	112	119	122	123
Administration:										
Executive Director	2	5	4	6	2	2	2	3	2	3
Chief Operating Officer	-	-	-	-	-	2	2	2	2	2
Deputy Port Director	-	3	4	4	4	2	-	-	-	-
Chief Commercial Officer	-	-	-	-	-	-	-	-	2	2
Government Affairs	1	1	1	1	1	1	1	1	1	1
Human Resources	5	5	5	5	5	5	5	5	6	6
Business Development	7	5	7	3	3	3	4	4	5	5
Communications	-	-	-	2	3	3	3	4	4	4
Community Relations	-	-	-	-	-	-	-	-	3	2
Property & Industrial Development	1	1	1	1	3	3	3	3	3	4
Finance and Administration	2	2	2	2	2	2	2	2	2	1
Accounting	8	9	9	7	8	8	10	9	10	10
Procurement	-	-	-	-	-	-	-	-	-	3
Risk Management	-	-	-	-	-	-	-	-	2	2
Safety Management	-	-	-	-	-	-	-	1	2	2
Emergency Management	-	-	-	-	-	-	-	-	-	1
Information Technology	9	9	7	7	6	7	6	8	13	13
Engineering	10	8	10	9	8	8	10	13	16	20
Environmental Planning & Compliance	3	2	4	3	4	4	4	6	5	4
Operations	7	5	7	4	4	4	5	4	4	1
	55	55	61	54	53	54	57	65	82	86
	181	178	185	174	170	170	169	184	204	209

TABLE 14 (Unaudited)

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

	2012	2013	2014	2015	2016
Harbor divisions	6	6	7	7	7
Turning basins	5	5	6	6	6
Corpus Christi Ship Channel (miles)	35	35	37	37	37
Authorized channel draft (feet)	45	45	45	45	45
General cargo docks	7	7	6	7	7
Covered docks	3	3	3	3	3
Open docks	2	2	2	4	4
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	12	13	13	13
Ship	6	6	7	7	7
Barge	5	6	6	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)	30	30	35	35	35
Container handling machines	0	0	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	285	285	285	285
Barge canals	2	2	2	2	2
Land					
Submerged (acres)	18,750	17,770	17,770	18,062	18,062
Emergded (acres)	5,822	7,286	7,296	7,301	7,383
Dredge Placement Areas	4,688	4,974	4,974	4,974	4,974
Open storage/development (acres)	2,400	2,312	2,322	2,327	2,409
Railroads					
Railway (miles)	42	43	45	48	48
Security Command Center	1	1	1	1	1
Naval Station Ingleside					
Land-emergded (acres)	-	-	-	-	-
Land-submerged (acres)	-	-	-	-	-
Wharfs and piers (linear feet)	-	-	-	-	-
Buildings-office/classrooms,barracks,warehouse (sq ft)	-	-	-	-	-

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	
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%)
2014	34,405,338	34,812,267	98.8%	406,929	11,816,386	3.4%
2015	37,078,189	37,973,188	97.6%	894,999	13,992,927	6.4%

TABLE 16 (Unaudited)

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

**Schedule of Insurance in Force
December 31, 2016**

Details of Coverage	Policy Period	Deductible	Liability Limits
All Risk Property	04/01/16-17	\$4,000,000/\$100,000	\$ 100,000,000
Federal Flood Insurance	Varies	1,250	Varies
Boiler and Machinery	04/01/16-17	5,000	23,575,270
Business Auto Liability	10/01/16-17	5,000/10,000	1,000,000
Foreign Liability-Travel Accident & Sickness	10/01/16-17	500	250,000/500,000/1,000,000
Firebarg Hull & Machinery	10/01/16-17	25,000	3,500,000
29' Safeboat Hull & Machinery			159,065
31' Safeboat Hull & Machinery	10/01/16-17	25,000	350,000
Other Boats & Motors			224,895
General Liability/Marine	10/01/16-17	50,000	20,000,000
Cyber Liability	06/01/16-17	25,000	3,000,000
Errors and Omissions Liability	10/01/16-17	10,000	5,000,000/10,000,000
Law Enforcement Liability	10/01/16-17	10,000	5,000,000/10,000,000
Customs Bond - FTZ Operator	09/28/16-17	-	250,000
Marine Terminal Operator Bond	02/15/16-17	-	100,000
Employee Fidelity (Crime) Bond	10/01/16-17	25,000	1,000,000
Public Officials Bonds (8)	Varies	-	5,000
Workers' Compensation	01/01/16-17	-	Statutory/1,000,000
Terrorism	04/01/16-17	25,000	100,000,000

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data
December 31, 2016**

Date of Incorporation:	1922			
Form of Government:	A public corporation and political subdivision of the State of Texas			
Number of Employees:	209			
Geographic Location:	Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border			
Area:	8,167 - Emergent acres 18,062 - Submerged acres			
Population:	Year	City of Corpus Christi	Nueces County	San Patricio County
	1920	10,522	22,807	11,386
	1930	27,741	51,779	23,836
	1940	57,301	92,661	28,871
	1950	108,053	165,471	35,842
	1960	167,690	221,573	45,021
	1970	204,525	237,544	47,288
	1980	232,119	268,215	58,013
	1990	256,632	296,527	58,749
	2000	277,454	313,645	67,138
	2010	305,215	340,223	64,804
Elevation:	Sea level to 85 feet, average 35 feet			
Tidal Data:				
Average Water Level:				
Inner Harbor	1.89 feet above Mean Low Tide (MLT)			
Tidal Range:				
Inner Harbor	Insignificant			
Aransas Pass	1.5 feet			
Aerial Clearance:				
Harbor Bridge	138 feet			
Temperature:	Annual Average - 72.15° Average Low- 62.8° Average High- 81.5°			
Average Seasonal Rainfall:	31.7			

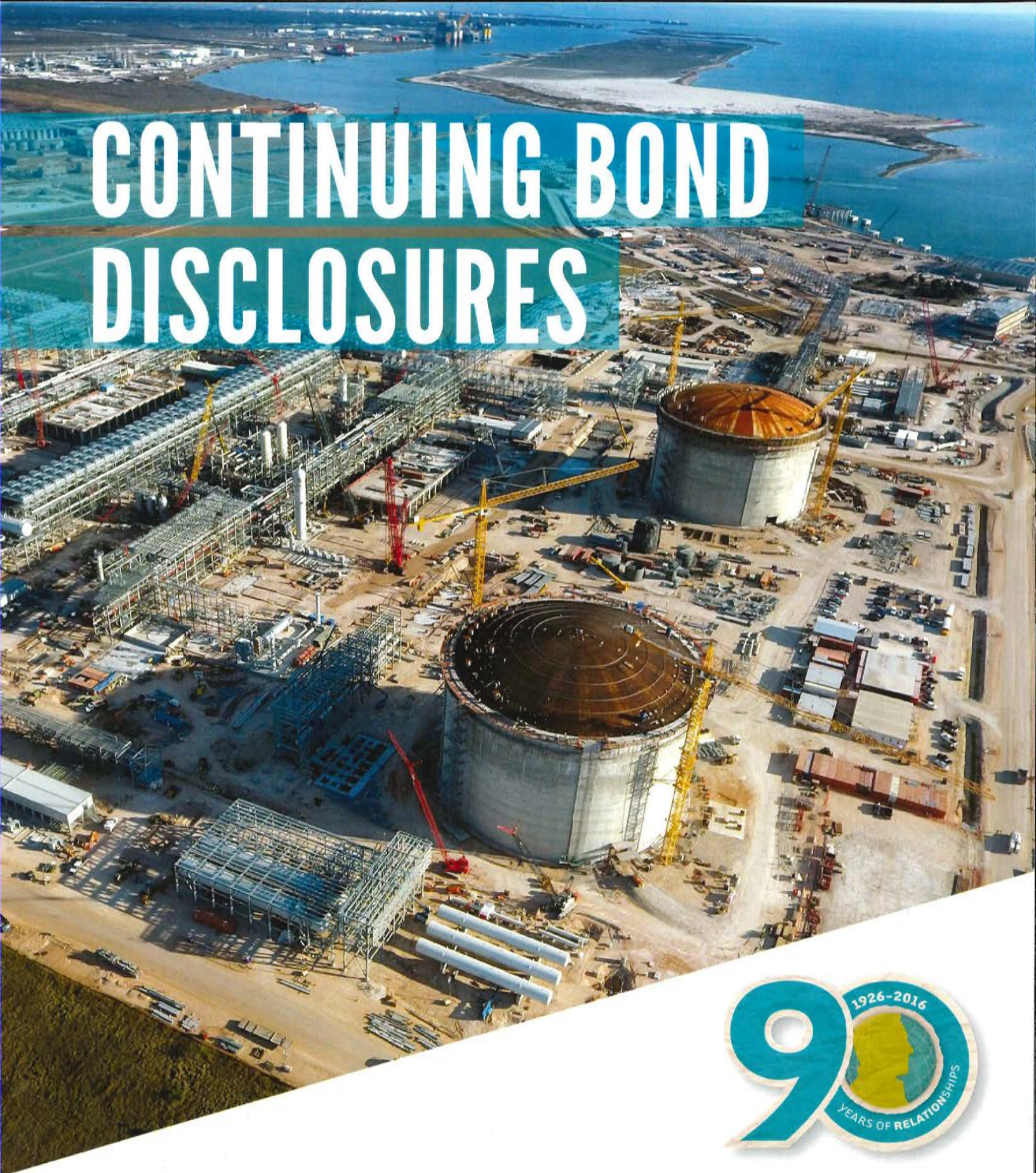
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data
December 31, 2016**
Public Docks:

Bulk liquid	13 - Main Harbor
Dry cargo	6 - Main Harbor
Dry cargo	1 - Rincon
Bulk materials	2 - Main Harbor
	<u>22</u>

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 Energy (NSI)	6 - Ingleside
	- Koch Gathering	1 - Ingleside
Dry cargo	- Bay Inc.	1 - Main Harbor
	- Heldenfels	1 - Main Harbor
	- Texas Lehigh Cement	1 - Main Harbor
	- Fordyce	1 - Main Harbor
	- Tor Minerals International, Inc.	1 - Rincon
	- McDermott	1 - Harbor Island
	- Gulf Marine Fabricators	2 - Ingleside
	- Kiewit Offshore Services, Inc.	1 - LaQuinta
	- EMAS AMC	1 - LaQuinta
	- voestalpine	1 - LaQuinta
	- Occidental Chemical	3 - LaQuinta
	- Signet Maritime	1 - Jewell Fulton
Bulk materials	- ADM/Growmark	1 - Main Harbor
	- Interstate Grain	1 - Main Harbor
	- Vulcan Materials	1 - Main Harbor
	- Sherwin Alumina	1 - La Quinta
		<u>50</u>

CONTINUING BOND DISCLOSURES



PORT CORPUS CHRISTI®

TABLE 18 (Unaudited)

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

**Port Commerce By Commodity
Last Ten Years**

Table 1:

Commodity By Port Division - Short tons										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Inner Harbor										
Break Bulk	215,964	256,612	133,037	157,781	122,055	214,010	62,310	133,938	238,695	248,471
Grain	3,367,057	5,409,827	3,951,347	4,100,774	4,183,095	2,563,535	2,972,973	4,068,716	3,396,829	4,169,145
Chemical	52,709	68,760	43,982	37,814	58,377	58,066	41,198	99,979	135,841	105,512
Dry Bulk	2,420,282	2,318,675	1,974,232	2,038,029	2,821,831	2,317,603	2,805,899	3,639,556	3,834,620	3,548,129
Liquid Bulk	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750
Petroleum	67,124,801	62,558,169	56,586,340	61,163,028	59,446,567	60,393,806	67,817,495	78,273,324	83,327,585	74,015,877
Total	73,693,849	70,913,050	62,820,038	68,003,637	67,165,468	66,101,356	74,175,660	86,709,363	91,513,625	82,519,884
La Quinta										
Break Bulk	-	-	-	1,369	-	-	3,551	105,282	111,346	85,069
Chemical	1,796,165	1,561,258	1,366,046	1,430,429	1,685,331	1,907,946	1,910,564	2,105,444	1,822,132	2,095,329
Dry Bulk	5,780,257	5,572,667	4,467,692	4,809,114	5,817,275	5,585,549	6,078,632	5,518,508	4,448,951	3,357,428
Petroleum	26,925	26,607	18,766	22,404	41,750	25,319	14,228	23,906	17,370	23,548
Total	7,603,347	7,160,532	5,852,504	6,263,316	7,544,356	7,518,814	8,006,975	7,753,140	6,399,799	5,561,374
Harbor Island										
Break Bulk	6	2	-	-	-	-	-	-	-	-
Petroleum	-	-	-	-	-	-	-	-	-	-
Total	6	2	-	-	-	-	-	-	-	-
Ingleside										
Break Bulk	224,714	277,147	178,826	169,609	175,551	175,287	263,119	31,458	58,348	12,271
Dry Bulk	42,722	-	-	7,012	4,615	10,742	829	5,274	2,804	345
Petroleum	7,741,913	7,475,838	7,660,416	7,715,429	5,330,829	4,957,218	6,427,951	6,087,182	5,503,512	6,198,461
Total	8,009,349	7,752,985	7,839,242	7,892,050	5,510,995	5,143,247	6,691,899	6,123,914	5,564,664	6,211,077
Rincon Point										
Break Bulk	4,519	18,829	6,130	10,500	9,025	1,669	-	-	-	-
Grain	10,329	14,040	-	12,503	31,726	15,312	11,235	1,600	-	-
Dry Bulk	(1,707)	-	1,734	12,291	48,647	25,790	5,835	-	-	-
Total	13,141	32,869	7,864	35,294	89,398	42,771	17,070	1,600	-	-
Total	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,335
Commodity Totals - Short tons										
Break Bulk	445,203	552,590	317,993	339,259	306,631	390,966	328,980	270,678	408,389	345,811
Grain	3,377,386	5,423,867	3,951,347	4,113,277	4,214,821	2,578,847	2,984,208	4,070,316	3,396,829	4,169,145
Chemical	1,848,874	1,630,018	1,410,028	1,468,243	1,743,708	1,966,012	1,951,762	2,205,423	1,957,973	2,200,842
Dry Bulk	8,241,554	7,891,342	6,443,658	6,866,446	8,692,368	7,939,684	8,891,195	9,163,338	8,286,375	6,905,901
Liquid Bulk	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750
Petroleum	74,893,639	70,060,614	64,265,522	68,900,861	64,819,146	65,376,343	74,259,674	84,384,412	88,848,467	80,237,886
Total	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,335

TABLE 19 (Unaudited)

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

**Revenues by Source
Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Revenues:										
Wharfage	\$27,219,535	\$26,359,823	\$24,826,670	\$26,567,587	\$27,410,252	\$31,293,692	\$35,688,217	\$42,288,896	\$45,779,919	\$42,337,275
Dockage	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562
Security fees	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139
Freight handling	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593
Rail Charges	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837
Building and land rentals	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299
Conference center services	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136
Warehouse handling charges	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-	-
FTZ user fees	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000
Dredge placement fees	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497
Other	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244	909,167
	<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>	<u>\$93,421,855</u>	<u>\$82,728,505</u>

Non-Operating Revenues:

Other:										
Investment income	\$ 1,230,324	\$ 932,447	\$ 584,849	\$ 478,291	\$ 467,494	\$ 163,804	\$ 283,544	\$ 341,754	\$ 518,374	\$ 1,184,692
Other	-	284,048	24,836	286,631	3,901,983	337,965	290,727	221,251	227,714	152,412
	<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>	<u>\$ 746,088</u>	<u>\$ 1,337,104</u>

TABLE 20 (Unaudited)

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

**Expenses by Type
Last Ten Years**

Table 3:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 6,952,412	\$ 8,255,443	\$ 7,866,038	\$ 8,374,106	\$ 7,810,947	\$ 8,258,807	\$ 7,324,312	\$ 8,304,043	\$ 9,993,556	\$ 9,478,572
Maintenance	6,483,605	6,340,774	4,987,113	3,538,398	5,136,098	4,896,773	3,679,718	6,122,959	3,667,189	4,367,556
Utilities	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822	1,735,122	902,342	1,004,905	1,073,706	980,564
Telephone	35,699	29,991	26,436	35,286	101,960	94,604	85,538	80,639	78,674	90,885
Insurance & claims	2,017,983	1,902,331	1,844,918	2,266,112	2,099,345	2,311,581	2,023,472	1,911,090	1,745,262	1,520,100
Professional services	344,073	424,975	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991	1,160,192
Police expenses	39,442	74,106	55,218	66,434	14,233	24,006	14,435	16,461	31,320	1,552,251
Contracted services	2,166,855	1,834,442	1,426,265	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137	1,334,780	149,847
Office and equipment rental	124,691	91,004	97,627	73,983	142,778	65,037	55,691	79,023	109,355	96,681
Operator and event expenses	1,523,025	1,280,002	1,550,059	1,415,417	1,538,092	1,678,367	1,427,944	1,547,155	1,624,343	1,712,280
Warehouse supplies	38,292	68,428	44,700	9,037	8,024	-	-	-	-	-
Safety/Environmental	62,693	90,947	71,246	69,075	83,442	77,086	98,478	107,859	70,797	84,493
General	220,500	93,105	196,113	129,909	185,198	175,307	220,554	494,274	876,438	242,219
	<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>	<u>\$21,470,411</u>	<u>\$21,435,640</u>
General and Administrative:										
Employee services	\$ 6,808,607	\$ 7,349,030	\$ 7,837,903	\$ 7,692,080	\$ 7,224,377	\$ 7,423,777	\$ 7,272,765	\$ 8,001,279	\$10,549,722	\$11,446,283
Maintenance	351,566	320,610	432,088	453,408	501,087	509,303	530,688	648,221	759,004	948,956
Utilities	222,481	196,865	224,245	172,703	194,864	171,122	149,485	159,148	160,630	162,490
Telephone	213,248	231,958	209,267	196,626	115,447	100,921	73,896	83,776	91,439	97,984
Insurance & claims	108,314	84,451	96,638	124,620	92,492	97,774	429,990	99,451	109,887	148,816
Professional services	2,290,016	2,419,843	3,322,950	3,526,850	3,046,566	7,092,409	3,993,766	3,870,383	4,363,193	4,462,954
Police expenses	216	314	174	82	82	-	190	1,616	1,227	2,943
Contracted services	198,260	88,262	64,213	151,445	100,952	59,756	23,431	26,167	49,477	140,500
Office and equipment rental	10,173	18,264	40,406	59,809	65,104	76,941	92,118	86,761	99,176	123,574
Administrative	1,925,958	1,873,318	2,392,822	2,108,277	2,035,746	1,869,480	2,140,507	2,309,972	2,667,808	2,578,220
Trade and sales development	146,161	148,946	204,427	157,237	184,528	188,894	200,500	209,900	165,955	172,765
Media advertising	157,725	109,262	108,425	206,557	195,766	190,661	225,363	232,608	311,184	327,641
Production	30,773	27,917	48,319	25,678	24,222	21,774	33,424	41,061	74,566	23,768
Safety/Environmental	26,992	38,206	22,681	21,544	23,299	23,651	26,732	28,007	43,037	45,881
General	30,689	100,319	25,185	42,294	25,752	8,965	185,250	92,943	23,172	32,841
	<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>	<u>\$19,469,477</u>	<u>\$20,715,616</u>
Depreciation	<u>\$ 8,442,640</u>	<u>\$ 9,648,639</u>	<u>\$10,060,645</u>	<u>\$12,165,114</u>	<u>\$13,381,562</u>	<u>\$13,738,571</u>	<u>\$12,024,981</u>	<u>\$12,310,557</u>	<u>\$12,822,653</u>	<u>\$13,140,057</u>
Non-Operating Expenses:										
Other:										
Interest	\$ 658,323	\$ 591,057	\$ 504,030	\$ 450,602	\$ 392,699	\$ (51,908)	\$ 16,986	\$ 535	\$ 2,030,505	\$ 2,973,844
Other	10,293	592,931	20,735	19,386	-	9,646,400	102,957	-	9,969,479	4,953,048
	<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>	<u>\$11,999,984</u>	<u>\$ 7,926,892</u>

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

**Leases
December 31, 2016**

Table 4:**OPERATING LEASES**

The Authority leases to others certain land and improvements, and these leases are classified as operating leases. As of December 31, 2016, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending		
2017	\$	9,095,089
2018		7,594,086
2019		6,775,072
2020		5,487,625
2021		4,692,591
Thereafter		82,162,825
Total	\$	115,807,288

As of December 31, 2016, \$25,622,844 had been received in advance payments for operating leases and has been recorded as unearned revenue. As of December 31, 2015, \$3,540,126 had been received in advance payments for operating leases and has been recorded as unearned revenue.

Table 5:**CAPITAL LEASES**

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:

Years Ending		
2017	\$	457,040
2018		457,040
2019		457,040
2020		457,040
2021		457,040
Thereafter		5,919,006
Total	\$	8,204,206

TABLE 22 (Unaudited)

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

**Changes in Net Position
Last Ten Years**

Table 6:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Operating revenues:										
Wharfage	\$ 27,219,535	\$ 26,359,823	\$ 24,826,670	\$ 26,567,587	\$ 27,410,252	\$ 31,293,692	\$ 35,688,217	\$ 42,288,896	\$ 45,779,919	\$ 42,337,275
Dockage	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562
Security fees	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139
Freight handling	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593
Rail Charges	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837
Building and land rentals	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299
Conference center services	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136
Warehouse handling charges	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-	-
FTZ user fees	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000
Dredge placement fees	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497
Other	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244	909,167
Total operating revenues	44,929,457	51,051,193	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	81,809,445	93,421,855	82,728,505
Investment income	1,230,324	932,447	584,849	478,291	467,494	163,804	283,544	341,754	518,374	1,184,692
Federal and other grant assistance	-	284,048	17,570	60,806	169,966	337,965	290,727	180,655	227,714	152,412
Donation of personal property	-	-	-	225,825	4,500	-	-	-	-	-
Gain on disposal of assets	-	-	7,266	-	3,727,517	-	-	40,596	-	-
Total Revenues	46,159,781	52,267,688	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,372,450	94,167,943	84,065,609
Expenses										
Operating expenses:										
Maintenance and operations	21,392,329	21,842,912	20,697,782	20,248,511	22,760,814	22,721,681	18,144,056	23,367,865	21,470,411	21,435,640
General and administrative	12,521,179	13,007,565	15,029,743	14,939,210	13,830,284	17,835,428	15,378,025	15,891,293	19,469,477	20,715,616
Depreciation	8,442,640	9,648,639	10,060,645	12,165,114	13,381,562	13,738,571	12,024,981	12,310,557	12,822,653	13,140,057
Total operating expenses	42,356,148	44,499,116	45,788,170	47,352,835	49,972,660	54,295,680	45,547,062	51,569,715	53,762,541	55,291,313
Interest expense and fiscal charges	620,495	562,442	504,030	450,602	392,699	(51,908)	16,986	535	2,030,505	2,973,844
Bond issuance costs	37,828	28,615	20,735	10,743	-	-	-	-	1,139,597	-
Fiscal payments to subrecipients	-	284,048	-	-	-	128,730	-	-	-	-
Contributions to Harbor Bridge Commitment	-	-	-	-	-	-	-	-	-	-
Contributions to other government agencies	-	-	-	-	-	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	-
Total Expenses	43,024,764	45,683,104	46,312,935	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250	65,762,525	63,218,205
Income(Loss) Before Contributions	3,135,017	6,584,584	722,640	5,221,951	12,703,079	(955,989)	32,375,219	30,802,200	28,405,418	20,847,404
Capital Contributions	4,633,770	2,510,746	2,090,573	111,670,700	5,402,273	5,663,315	5,842,850	8,657,361	7,245,620	13,128,853
Changes in Net Position	7,768,787	9,095,330	2,813,213	116,892,651	18,105,352	4,707,326	38,218,069	39,459,561	35,651,038	33,976,257
Total Net Position, Beginning of Year	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	488,106,572
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	-	-	1,835,648	-
Total Net Position, End of Year	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 488,106,572	\$ 522,082,829
Net Position at Year End										
Net investment in capital assets	\$ 204,800,725	\$ 202,587,244	\$ 211,984,713	\$ 321,470,695	\$ 334,092,868	\$ 245,665,607	\$ 273,398,051	\$ 293,461,952	\$ 288,144,036	\$ 306,107,673
Restricted	2,193,823	1,756,683	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709	36,031,915
Unrestricted	18,005,132	29,751,083	23,175,878	30,402,517	35,889,132	130,695,182	141,400,887	160,793,708	163,808,827	179,943,241
Total Net Position	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 488,106,572	\$ 522,082,829

TABLE 23 (Unaudited)

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

**Projected Operating Results and Debt Service Coverage
Next Five Years**

	Table 7:				
	2016	2017	2018	2019	2020
Operating Revenues:					
Wharfage	\$ 42,337,275	\$ 48,728,666	\$ 50,801,109	\$ 55,085,349	\$ 60,218,493
Dockage	11,970,562	13,147,692	13,410,646	13,678,859	13,952,436
Security	6,070,139	7,878,254	8,074,936	8,575,060	8,964,612
Freight Handling	2,595,153	2,462,395	2,462,395	2,462,395	2,462,395
Storage	868,440	695,500	695,500	695,500	695,500
Rail Charges	1,427,837	2,405,470	2,779,627	2,779,627	2,779,627
Other Revenue	2,779,665	1,697,486	2,126,672	1,268,300	1,268,300
Conference Center Services	2,011,136	2,275,119	2,275,119	2,275,119	2,275,119
Building and Land Rentals	12,444,299	12,178,304	12,178,304	12,178,304	12,178,304
Foreign Trade User Fees	224,000	264,000	264,000	264,000	264,000
Total Operating Revenues	82,728,505	91,732,886	95,068,308	99,262,513	105,058,786
Operating Expenses:					
Direct Expenses	21,435,640	38,570,630	36,809,774	34,531,870	35,222,507
Indirect Expenses	20,715,616	23,937,422	23,906,170	24,384,294	24,871,980
Total Operating Expenses	42,151,256	62,508,052	60,715,944	58,916,164	60,094,487
Other Revenues (Expenses):					
Investment Income	1,184,692	1,622,700	1,655,154	1,688,257	1,722,022
Other Income	152,412	254,257	259,342	264,529	269,820
Interest Expense	(13,682)	(11,851)	(11,851)	(11,851)	(11,851)
Contributions to other government agencies	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	-
Contributions to Harbor Bridge commitment	(1,885,410)	(32,369,500)	(17,997,500)	(12,027,500)	-
Contributions from other government agencies	-	30,932,000	27,960,000	18,490,000	-
Total Other Revenues (Expenses)	(3,561,988)	(2,572,394)	8,865,145	5,403,435	1,979,991
Net Operating Revenues Available for Debt Service	\$ 37,015,261	\$ 26,652,440	\$ 43,217,509	\$ 45,749,784	\$ 46,944,290
Debt Service	8,499,948	8,500,722	8,501,092	8,501,092	8,498,589
Total Debt Service	\$ 8,499,948	\$ 8,500,722	\$ 8,501,092	\$ 8,501,092	\$ 8,498,589
Average Annual Debt Service Coverage	4.35	3.14	5.08	5.38	5.52
Maximum Debt Service Coverage	4.35	3.14	5.08	5.38	5.52

See Table 8-Debt Service Requirements, for the debt service requirements on the bonds.

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

**Debt Service Requirements
December 31, 2016**

At December 31, 2016, total debt service requirements are as follows:

Table 8:

	Principal	Interest	Total
2017	\$ 4,395,000	\$ 4,105,722	\$ 8,500,722
2018	4,450,000	4,051,092	8,501,092
2019	4,530,000	3,968,589	8,498,589
2020	4,635,000	3,866,301	8,501,301
2021	4,755,000	3,745,421	8,500,421
2022	4,895,000	3,608,096	8,503,096
2023	5,045,000	3,454,491	8,499,491
2024	5,210,000	3,288,662	8,498,662
2025	5,390,000	3,112,199	8,502,199
2026	5,575,000	2,924,250	8,499,250
2027	5,785,000	2,715,912	8,500,912
2028	6,010,000	2,491,049	8,501,049
2029	6,250,000	2,248,426	8,498,426
2030	6,510,000	1,989,863	8,499,863
2031	6,785,000	1,714,034	8,499,034
2032	7,100,000	1,401,449	8,501,449
2033	7,425,000	1,074,352	8,499,352
2034	7,770,000	732,283	8,502,283
2035	8,125,000	374,319	8,499,319
Total	\$ 110,640,000	\$ 50,866,510	\$ 161,506,510

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

**Pension Plan
December 31, 2016**

Table 9:

PENSION PLAN

For the year ended December 31, 2015, the Authority implemented the provisions of GASB Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and pension expense.

For the year ended December 31, 2016, the Authority's Net Pension Liability was measured as of December 31, 2015, and the Total Pension Liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2015, the Authority's Net Pension Asset was measured as of December 31, 2014, and the Total Pension Asset was determined by an actuarial valuation as of that date.

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). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 701 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.

Benefits Provided

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

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Authority within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. 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. At retirement, the employee's account is matched at a percentage adopted by the Authority's governing body and the current match is 125%. There are no automatic post-employment benefit changes, including automatic cost-of-living adjustments. Ad hoc post-employment benefit changes, including cost-of-living adjustments can be granted by the governing body of the Authority within guidelines of the TCDRS.

Contributions

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 as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

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

**Pension Plan
December 31, 2016**

The actuarially determined rate for the calendar year 2016 was 4.99 percent and for the calendar year 2015 was 5.63 percent, however the governing body of the Authority adopted the rate of 7 percent for the calendar year 2016 and 7 percent for the calendar year 2015. 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 \$996,832 and \$996,832, respectively for the year ended December 31, 2016, and \$979,505 and \$979,505, respectively for the year ended December 31, 2015.

Employees Covered by Benefit Terms

At the measurement date, the following employees were covered by the benefit terms:

	December 31, 2015
Retirees or beneficiaries currently receiving benefits	95
Inactive employees entitled to but not yet receiving benefits	53
Active employees	202
	<u>350</u>

Actuarial Assumptions

The actuarial assumptions that determined the total net pension liability as of December 31, 2016 and the total net pension asset as of December 31, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB Statement 68 with the exception of the mortality assumptions that were updated and adopted in 2015. The actuarial valuations were determined using the following actuarial assumptions.

	December 31, 2015
Actuarial Valuation Date	Individual Entry Age Normal
Actuarial Cost Method	8.10%
Long-term Investment Rate of Return	8.10%
Discount Rate	3%
Inflation Rate	4.9%
Projected Salary Increase Rates	0%
Cost-of-Living Adjustment	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; for all eligible members ages 75 and older, retirement is assumed to occur immediately
Retirement Age	Among active members
Mortality (all Mortality tables use base table RP-2000 projected with Scale AA to 2014 and then projected with 110% of the MP-2014 Ultimate Scale after that)	RP-2000 Active Mortality Table for Males + 2 years RP-2000 Active Mortality Table for Females – 4 years Among inactive vested members, service retirees & beneficiaries RP-2000 Combined Mortality Table for Males + 1 year RP-2000 Combined Mortality Table for Females + 0 years Among disability retirees RP-2000 Disabled Mortality Table for Males + 0 years RP-2000 Disabled Mortality Table for Females + 2 years

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

**Pension Plan
December 31, 2016**

Discount Rate

The discount rate used to determine the total pension liability as of December 31, 2016 and December 31, 2015 was 8.10%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. This method reflects the funding requirements under the Authority's funding policy and the legal requirements under the TCDRS Act as follows:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20 year closed layered periods.
- 2) Under the TCDRS Act, the Authority is legally required to make the contribution specified in the funding policy.
- 3) The Authority's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the Authority is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system the fiduciary net position as a percentage of total pension liability is expected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the Authority is equal to the long-term assumed rate of return on investments of 8.10% for both years presented.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.10%) or one percentage point higher (9.10%) than the current rate.

	1 % Decrease 7.10%	Current Discount Rate 8.10%	1 % Increase 9.10%
December 31, 2015:			
Net pension liability (asset)	\$ 6,353,951	\$ 1,057,791	\$ (3,436,932)

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

**Pension Plan
December 31, 2016**

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown on the following page are based on January, 2016 information for a seven to ten year time frame. The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30 year time horizon, the most recent analysis was performed in 2013.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities-Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities-Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships	Alerian MLP Index	3.00%	6.80%
Private Real Estate	Cambridge Associates Real Estate Index (4)	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

(1) Target Asset Allocation was adopted at the April, 2016 TCDRS Board meeting

(2) Geometric Real Rates of Return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

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

**Pension Plan
December 31, 2016**

Net Pension Liability (Asset)

The changes in net pension asset for the measurement date of December 31, 2015 based on the actuarial date of December 31, 2015 is reflected below:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Position Liability (Asset)
Balances as of December 31, 2014	\$ 43,516,753	\$ 45,786,593	\$ (2,269,840)
Changes for the Year:			
Service cost	1,261,508	-	1,261,508
Interest on total pension liability	3,506,024	-	3,506,024
Effect of plan changes	(209,318)	-	(209,318)
Effect of economic/demographic gains or losses	(217,150)	-	(217,150)
Effect of assumptions changes or inputs	449,183	-	449,183
Refund of contributions	(120,502)	(120,502)	-
Benefit payments	(1,855,109)	(1,855,109)	-
Administrative expenses	-	(32,747)	32,747
Member contributions	-	979,505	(979,505)
Net investment income	-	(508,400)	508,400
Employer contributions	-	979,505	(979,505)
Other (allocated system-wide items)	-	44,753	(44,753)
Balances as of December 31, 2015	\$ 46,331,389	\$ 45,273,598	\$ 1,057,791

For the year ended December 31, 2016, the Authority recognized pension expense as follows:

	January 1, 2015 to December 31, 2015
Service cost	\$ 1,261,508
Interest on total pension liability	3,506,024
Effect of plan changes	(209,318)
Administrative expenses	32,747
Member contributions	(979,505)
Expected investment return net of investment expenses	(3,741,278)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	58,910
Recognition of assumption changes or inputs	74,864
Recognition of investment gains or losses	975,904
Other (allocated system-wide items)	(44,753)
Pension Expenses	\$ 935,103

TABLE 25 (continued) (Unaudited)

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

**Pension Plan
December 31, 2016**

For the year ended December 31, 2016, the Authority recorded deferred outflows and inflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 380,408	\$ 180,958
Changes of assumptions	374,319	-
Net differences between projects and actual earnings	3,777,648	-
Contributions made subsequent to measurement date	996,832	-
TOTALS	\$ 5,529,207	\$ 180,958

Amounts currently reported as deferred outflows/inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:

2016	\$ 1,109,678
2017	1,109,678
2018	1,109,678
2019	983,710
2020	38,673
Thereafter	-
Total	\$ 4,351,417

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

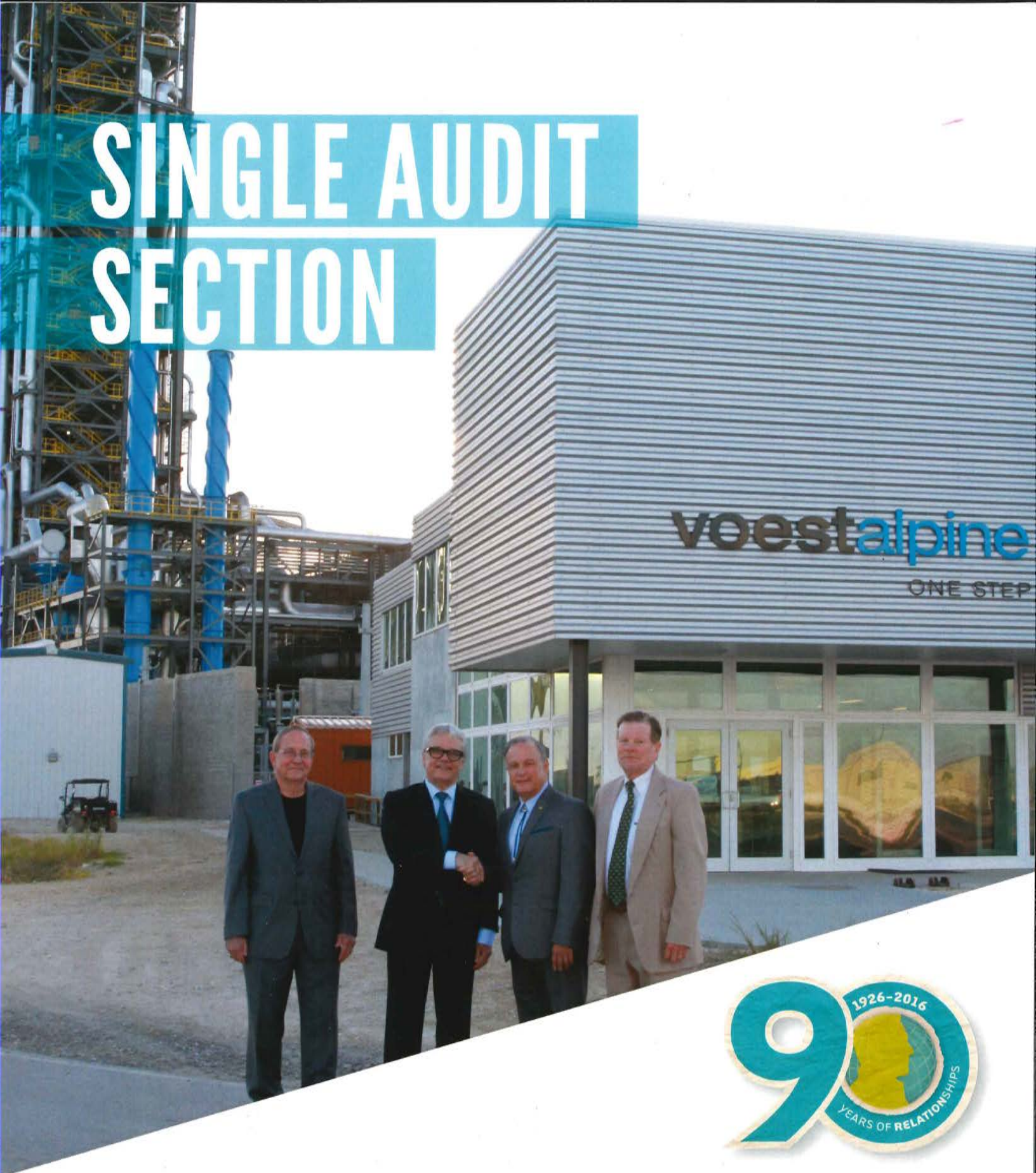
**Current Investments
December 31, 2016**

Table 10:

The Authority's investments at December 31, 2016 are shown below:

Investment Type	2016	
	Carrying Value	Fair Value
Certificates of Deposit	\$ 245,000	\$ 245,000
Money market funds	28,240,365	28,240,365
Local government pool	81,701,941	81,701,941
United States agencies	137,659,515	137,659,515
Municipal bonds	7,017,793	7,013,230
Total	254,864,614	254,860,051
Short-term investments included in cash and cash equivalents	109,942,306	109,942,306
Equity in Total Investments	\$ 144,922,308	\$ 144,917,745

SINGLE AUDIT SECTION



PORT CORPUS CHRISTI®

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

April 12, 2017

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 and the State of Texas, *Single Audit Circular*, the financial statements of the Port of Corpus Christi Authority as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 12, 2017.

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 ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

April 12, 2017

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 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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Collier, Johnson & Woods

PORT OF CORPUS CHRISTI AUTHORITY
FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

I. Summary of Audit Results:

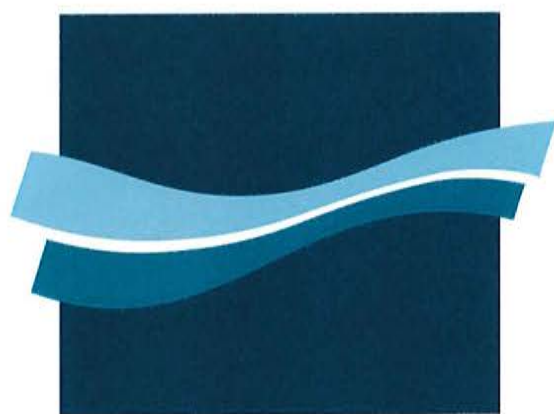
1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Port of Corpus Christi Authority.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control 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 for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance."
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 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs included:

U.S. Department of Homeland Security
Port Security Grant (CFDA – 97.056)
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
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



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

April 12, 2017

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

Report on Compliance for Each Major State Program

We have audited the Port of Corpus Christi Authority's compliance with the types of compliance requirements described in the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the Authority's major state programs for the year ended December 31, 2016. The Authority's major state programs are identified in the summary of auditor's results section of the accompanying state 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 state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major state 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 the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning. Those standards and the Circular 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 state 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 state program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major State Program

In our opinion, the Port of Corpus Christi Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2016.

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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Texas Single Audit Circular*, 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 state 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 state 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 state 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.

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 the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Collier, Johnson & Woods

PORT OF CORPUS CHRISTI AUTHORITY

STATE SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2016

I. Summary of Audit Results:

- a. The auditor's report expresses an unmodified opinion on the basic financial statements of the Port of Corpus Christi Authority.
- b. 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*."
- c. 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.
- d. 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 State Program and on Internal Control over Compliance in Accordance with State of Texas Single Audit Circular."
- e. The auditor's report on compliance for major State award programs for the Port of Corpus Christi Authority expresses an unmodified opinion on all major programs.
- f. There are no audit findings that are required to be reported in accordance with Section 510(a) of State of Texas Single Audit Circular.
- g. The programs tested as major programs included:

Texas Department of Transportation
Construction of Nueces River Rail Yard Phase II
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. 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

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF FEDERAL/STATE EXPENDITURES OF AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Federal Assistance			
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #13	97.056	EMW-2013-PU-00309	\$ 143,608
Port Security Grant #14	97.056	EMW-2014-PU-00478	\$ 922,095
Port Security Grant #15	97.056	EMW-2015-PU-00228	\$ 414,932
Port Security Grant #16	97.056	EMW-2016-PU-00242	\$ -
Total Direct Programs			<u>1,480,635</u>
Total U.S. Department of Homeland Security			<u>1,480,635</u>
Total Federal and Passed through assistance			<u>1,480,635</u>
State Assistance			
Texas Department of Transportation			
Construction of Nueces River Rail Yard Phase II		CSJ0916-35-172	10,694,923
Total Texas Department of Transportation			<u>10,694,923</u>
Total State Assistance			<u>10,694,923</u>
Total Federal, State, and passed through assistance			<u><u>\$ 12,175,558</u></u>

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. General

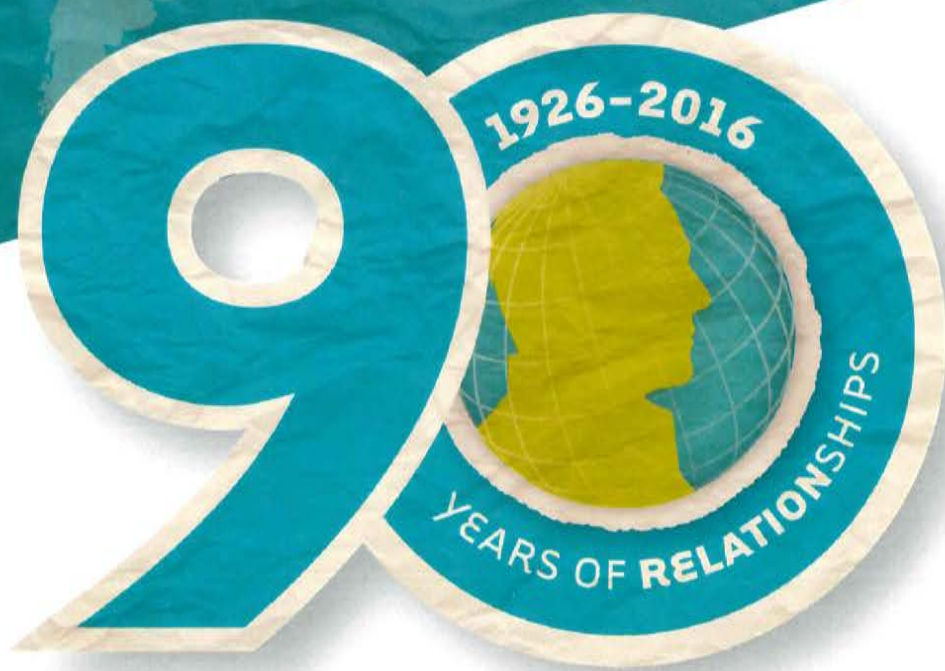
The accompanying Schedule of Expenditures of Federal/State Awards presents the activity of all Federal and State financial assistance programs of Port of Corpus Christi Authority of Nueces County, Texas (Authority). The Authority's reporting entity is defined in the notes to the Authority's financial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

2. Basis of Accounting

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



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