PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Comprehensive Annual Financial Report
for the Years Ended December 31, 2017 and 2016

PORT CORPUS CHRISTI®

Moving America's Energy

MOVING AMERICA'S ENERGY

Port Corpus Christi had a tremendous year in 2017. The Port became the #1 U.S. crude oil exporter, successfully tested a Very Large Crude Carrier, and broke the record for a single vessel load of crude oil, truly making it the Energy Port of the Americas. The Port faced its first hurricane in over 18 years and emerged as the largest refining hub in the Gulf Coast during recovery. Commissioners and staff strategically pursued federal funding for the deepening and widening of the Corpus Christi Ship Channel, which paid dividends for the future of the project.

It was a remarkable year for so many reasons, and featured on the covers are some of the brightest highlights of 2017.

Comprehensive Annual Financial Report

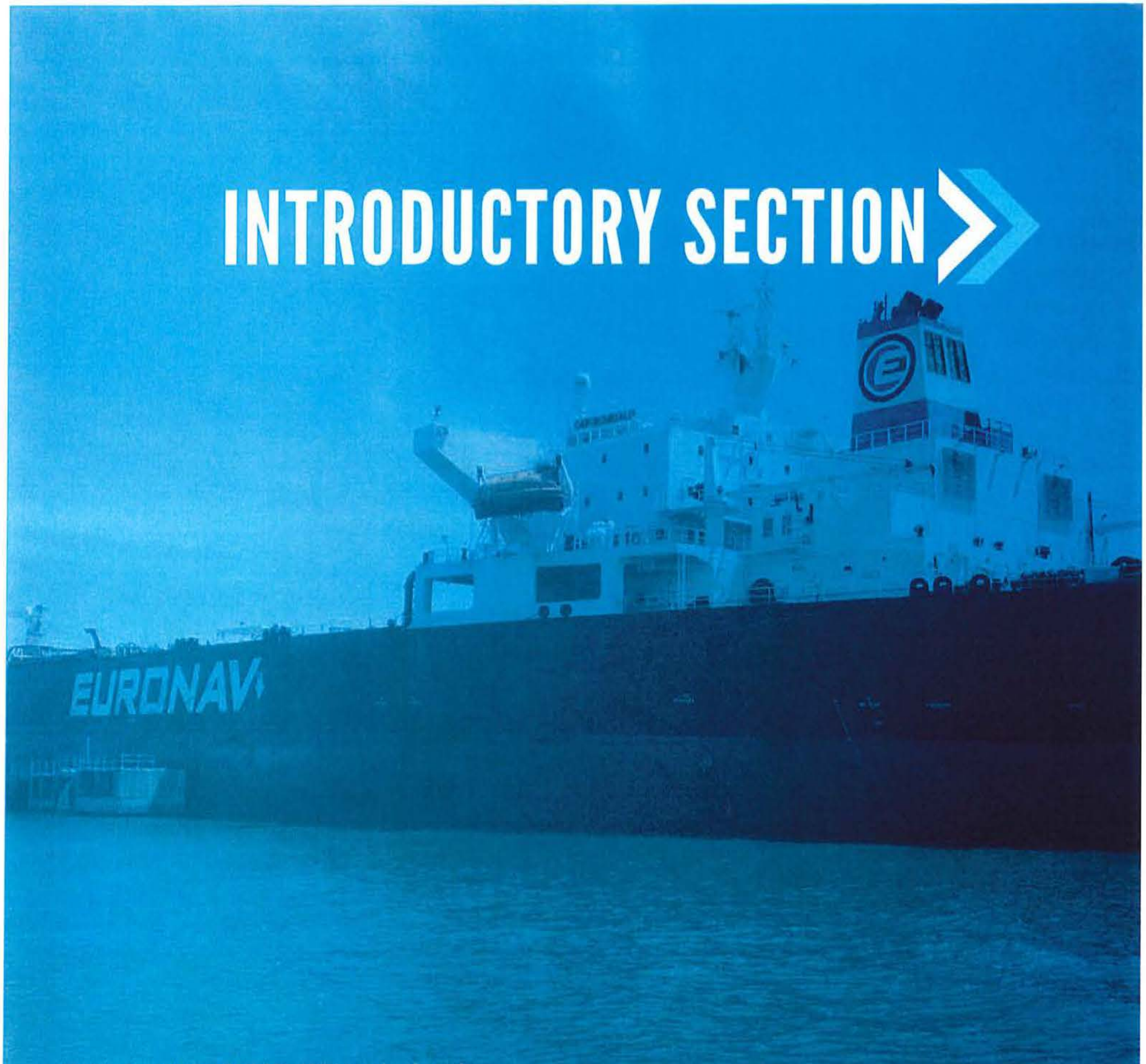
Port of Corpus Christi Authority of Nueces County, Texas

For the Years Ended December 31, 2017 and 2016

Prepared by the Finance Department

Dennis J. DeVries
Chief Financial Officer

INTRODUCTORY SECTION



NuStar Energy loaded 930,000 barrels of crude oil onto the Suezmax class *Cap Romauld* and broke the single vessel load record.

PORT CORPUS CHRISTI®

Port of Corpus Christi Authority of Nueces County, TX

PORT **CORPUS CHRISTI**

April 30, 2018

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, 2017.

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, 2017. 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 follows 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 Authority 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.

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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 owns and leases land, and buildings and improvements, along with maintaining areas for the placement of dredged materials.

The Authority's docks consist of both Authority-owned and privately-owned facilities. The Authority-owned docks consist of seven general cargo docks, thirteen liquid bulk cargo docks, two bulk material docks, several layberthing areas, two bagging facilities, a shipside grain elevator, cotton storage facilities, and a conference center. All of these facilities are operated for hire on a first-come, first-serve basis, with the exception of the shipside grain elevator, layberth areas, and cotton warehouses, which are leased. Most of the privately-owned facilities at the Port of Corpus Christi Authority 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 51 privately owned 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 financial 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 fourth largest port in the United States in terms of tonnage; it is the third largest petrochemical/hydrocarbon port in the United States, and in 2017 it became the leading export for crude oil in the United States. The Authority has served the local economy for 90 years, and is continually diversifying, upgrading and expanding its facilities to better serve South Texas industry and shippers. Local port industries have also made significant investments to upgrade and expand their facilities, to improve air and water quality, and improve process efficiencies. Local refineries have made investments that permit them to provide clean burning gasoline during 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 Authority "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) operate in a fiscally responsible manner; (3) be a positive and proactive force in the protection of the region's marine and water related resources; and (4) 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, sustain and upgrade existing jobs, introduce new investment dollars to the area and broaden 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. 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. Based on the 2015 study, 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 of 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 as a result of the 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.

FACTORS AFFECTING FINANCIAL CONDITION

On August 25, 2017, Hurricane Harvey struck the Texas gulf coast as a Category 4 hurricane. The immediate and ongoing negative impacts to the Port's operations, business revenues, and daily economic output were felt by the seven counties included in the PCCA Foreign Trade Zone #122: Aransas, Bee, Jim Wells, Kleberg, Nueces, Refugio, and San Patricio. The Corpus Christi Ship Channel was closed to all vessel traffic for a record six days and economic impact to the community attributed to the channel closure and restrictions is estimated to be over \$2 billion. The Authority believes they have adequate insurance to cover repairs and business interruption insurance to cover lost revenues.

LONG-TERM FINANCIAL PLANNING

The Authority has a number of major projects that will require significant funding from federal and state assistance, existing and future revenue bond proceeds, and the Authority's unrestricted net position of \$153 million.

Channel Improvement Project

Earlier this year, for the first time ever, funding for the Authority's Ship Channel Improvement Project (CIP) was included in the President's FY19 Budget proposal. This milestone followed efforts made in 2017, such as when the Authority took the vital step for continued economic growth and operational safety with approval of a Project Partnership Agreement (PPA), and the acceleration of \$32 million in Port funds to the U.S. Army Corps of Engineers (USACE) to expedite initial construction phases of the CIP. The PPA allows the Authority to accelerate its portion of the Project cost-share, thereby allowing construction to commence ahead of federal appropriations.

In order to reach the Authority's goal of procuring $60 million in federal funds in 2018, and a total of $180 million, efforts continue to ensure the CIP is included in the U.S. Army Corps of Engineers' Work Plan at a higher level than the President's proposed budget of $13 million. The Authority remains committed to advocating for the CIP and continuing efforts to receive the necessary federal funding with the goal of completing the project in 2021.

The CIP has been a long-time in the making. The Authority completed the original feasibility phase for it in 2003, and in November 2007 it was first authorized by Congress in the Water Resources Development Act (WRDA). The authorized project includes the following restoration features that will have a positive impact on the Authority's capacity and ability to drive further investment and commercial opportunity:

- Deepening the Corpus Christi Ship Channel from 45 to 54 feet,
- Adding 200-foot barge shelves across Corpus Christi Bay
- Widening the ship channel to 530 feet from Port Aransas to the Harbor Bridge
- Extending the La Quinta Ship Channel approximately 1.4 miles at a depth of 39 feet, and
- Constructing ecosystem restoration features to protect endangered species, wetlands and sea grass.

In 2014, the Authority deepened the LaQuinta extension to a depth of 45 feet and the USACE 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.

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, and included numerous provisions that benefited the Channel Improvement Project.

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 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 and recently completed the second phase of the Nueces River Rail Yard. This new yard includes a 9,800-foot long unit train siding and eight additional 8,000-foot parallel tracks providing storage for over 1,100 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. The total cost of Phase II is approximately $33 million, $22 million in funding from TXDOT and the remainder from revenue bond proceeds and Authority cash reserves. The new rail yard, under construction, will be capable of more efficiently handling the increased number of unit trains and cars loading and unloading operations at the Authority. The final phase now under construction is to complete double track rail from the new Nueces River Rail Yard to the prior Tule Lake Rail Yard.

MAJOR INITIATIVES – 2017

Environmental Management

The Authority's Environmental Policy, which is the foundation for environmental management, stewardship and sustainability, states that all new business operations and developments in the Authority will consider and address five environmental precepts: (1) air quality, (2) water quality, (3) soils and sediments, (4) wildlife habitat, and (5) environmental sustainability. Through implementation of the Environmental Policy and the Authority's Environmental Management System (EMS), the Authority has remained proactive in its efforts to both promote economic growth and serve as good stewards of the environment in its daily operations. The Authority's EMS is in its eleventh year of ISO 14001 certification and its thirteenth year of implementation. The EMS program is driven by a team of Authority employees from various operational areas with the full support of management. During the past ten years, the program has identified several significant factors impacting the environment such as spills, electrical consumption, storm water runoff, water consumption, and air emissions. In August 2017, the Authority went from purchasing 10% of total electricity from green energy sources to purchasing 100% of its total electricity from green energy sources which equated to 3,364,261 kilowatt hours. The Authority has maintained a very successful recycling program that has recycled over 1,042,792 pounds of material that would have otherwise gone as waste to a landfill, and 60,603 gallons of liquids have been recycled. The Authority continues to maintain its Green Marine certification which is a program for ports, terminals and shipyards that demonstrates a commitment to continually reducing their 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. Additionally, of note, during Hurricane Harvey in 2017, there were no industrial pollution incidents which speaks to the environmental stewardship and preparedness efforts of the Authority and our industrial partners.

Wind Energy

In 2017 American wind farms provided approximately 6% of the supply to the electrical grid in the U.S., while fourteen states currently get more than 10 percent of their electricity from wind. Wind power installations in Texas led the way in 2017 with over 22,000 megawatt (MW) installed capacity, while the United States in total has 89,077 megawatts (MW) and over 54,000 wind turbines installed and operational in 41 states. In addition to new installed capacity, the U.S. wind industry completed 2,136 MW of partial repowering across 15 project phases during 2017. The Port of Corpus Christi Authority provides access to general cargo docks close to staging areas, three class I rail roads and uncongested highway systems, all of which offer the necessary transportation modes to assure efficient and cost-effective deliveries for all types of project cargo, including wind turbine components. In 2017, the wind turbine cargo volume moving through the Authority increased over 14% compared to the previous year and although the Production Tax Credit (PTC) phase-down is in its third year, out of five, expectations are continued that the strong volume of wind energy cargo will continue over the coming years. Wind-rich Texas leads the nation with most wind power projects under construction. The Authority 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 nation, and the Corpus Christi Port Authority plays a crucial role in facilitating the emergence of the United States as a dominant force in global energy markets by welcoming product to be shipped abroad.

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 Authority and new pipelines from the Permian Basin to Corpus Christi are currently underway. The lifting of the federal 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 Authority made history when the tanker Theo T sailed from its facilities to Europe with U.S.-produced crude oil.

Today, over 60 percent of American crude oil exports move through the Authority's channels. With the continued expansion of energy infrastructure, the International Energy Agency forecasts that the U.S. will be the world's primary crude oil producer by the early 2020s, with the majority of new oil production coming from Texas.

The Authority plays a vital role as a major refinery hub, as well as a logistical and distribution center for cargoes used in drilling, hydraulic 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 natural gas companies looking to build marine terminals and storage hubs to import heavy crude oil and export refined petroleum 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 fractured sand comes by rail and barge from the upper Midwest. 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.

Liquefied Natural Gas – the Corpus Christi LNG Terminal

Later this year, a liquefied natural gas (LNG) export facility owned by Corpus Christi Liquefaction, a subsidiary of Cheniere Energy, will go online. The Corpus Christi site is located on the La Quinta Channel on the northeast side of Corpus Christi Bay on 1,000 acres overseen by the Authority. The coming shipments of LNG from Corpus Christi abroad mean that the Authority will begin to play, as it currently does for crude oil and refined petroleum products, a crucial role in the continued expansion of U.S. energy exports.

Cheniere is expected to become one of the largest buyers of U.S. natural gas in the coming months and years. The Corpus Christi LNG project is positioned near the country's most prolific natural gas producing regions, including Texas, which supplies nearly 30 percent of total U.S. marketed natural gas production. In February 2018 Cheniere announced a pair of LNG sale and purchase agreements with China National Petroleum Corporation, which will result in the Corpus Christi LNG facility providing 1.2 million tons of LNG to China annually through the Authority's channels.

On-going Construction Projects

Projects that carried over, were completed, ongoing, or initiated in 2017 include construction of Phase II of the Nueces River Rail Yard, Oil Dock 15, Bulk Liquid Handling Facility at Bulk Dock 3, Viola Barge Basin Bulkhead Addition, 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, 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 2017 included the road maintenance of Kay Bailey Hutchinson Road, Oil Dock 3 Breasting Structure replacement, Oil Dock 4 ship fender repairs, ventilation improvements at various public oil docks, repairs to the bridge at Oil Dock 11 and 12, general improvements at Oil Dock 6, the replacement of conveyor idlers at the Bulk Terminal, and roadway and parking lot improvements at various port facilities.

In addition to the Port projects, construction of the New U.S. 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 Authority 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 Authority is administering a voluntary property purchase program to allow residents near the new harbor bridge to sell their property and relocate, and had acquired 85 such properties at the end of 2017.

Marketing and Business Development Focus

To continue the growth of the Authority's cargo tonnage, strategy is focused 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 Authority. Due to Mexican energy reform, the Authority is handling increased export volumes of diesel, gasoline and propane via rail to major population centers in inland Mexico. The Port of Corpus Christi Authority is located close to Monterrey, Mexico and is pursuing trade development opportunities and logistics solutions to support the steel and automobile manufacturing sectors, among others. The Authority continues to implement a targeted marketing effort for proactively identifying new business development opportunities and seeking to attract new foreign direct investment. The abundance of natural gas and security of supply is a big driver for companies considering building a manufacturing plant in the Corpus Christi region. Similarly, the increasing production of ethane 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.

In 2017, imports of dry bulk cargoes at our bulk terminal increased by 25%, while barite alone grew 219%. Exports of petcoke and sulfur remained relatively steady as compared to 2016. The Port Bulk Terminal is currently undergoing a strategic planning phase to increase productivity and improve efficiencies. Solicitation for a new crane at our bulk dock 1 is ongoing and improvements for storage and loading out of cargo are being evaluated. With the Permian and Eagle Ford Basins increasing drilling activity, the bulk terminal will play a key role in supporting raw materials needed at drilling sites. Steel pipe cargo similarly saw significant growth in 2017 with a 144% increase over 2016 numbers. Additional gas and liquid pipelines are being developed leading into Eagle Ford, Permian and Mexico. The Valley Crossing Pipeline connecting to Mexico from Agua Dulce, TX saw over 100,000 ton of steel pipe imports over our docks. The Port of Corpus Christi Authority continues to be a major outlet for liquid and gas production to international markets. Further, TPCO continues to expand their facility in San Patricio County and Tex-isle, a distributor of high quality tubulars, is constructing a finishing facility near Robstown, TX, doubling their import capacity. The future for steel pipe looks bright in the coming years.

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 the Port of San Antonio to the north, the Port of Corpus Christi Authority on the waters of the Gulf of Mexico, and the Port of 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, 2016. This was the 34th 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,

Sean Strawbridge	Dennis J. DeVries
Chief Executive Officer	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, 2016

Christopher P. Morrill

Executive Director/CEO

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
Financial Controller	Kent Britton
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	Kreston Cook
Harbormaster	Russell Cordo
Wharfinger	Stevenson Ashley
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 P. Engel, Commissioner

Richard R. Valls, Jr., Commissioner

Richard L. Bowers, Commissioner

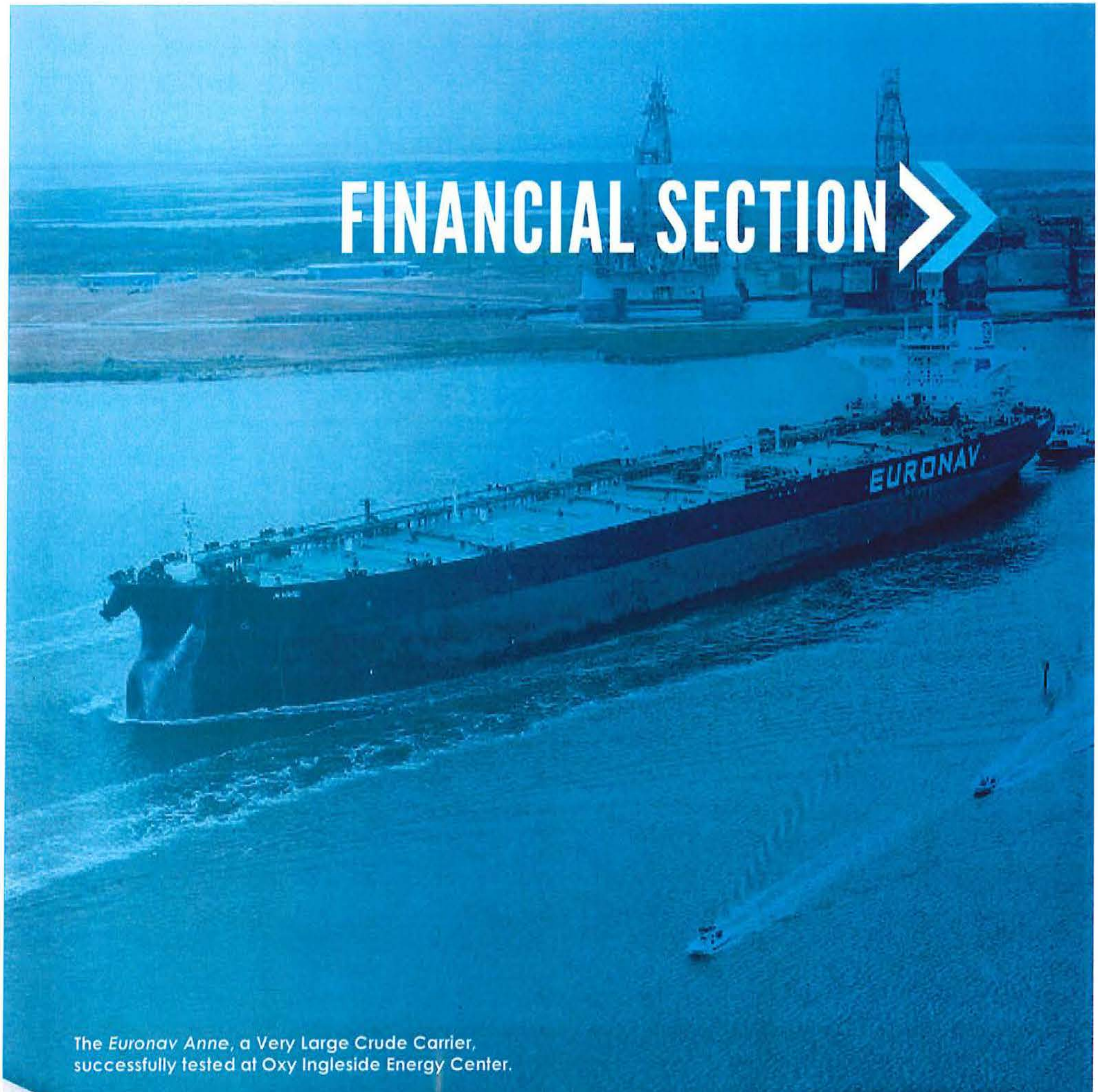
Wes Hoskins, Commissioner

EXECUTIVE STAFF

John P. LaRue, Executive Director
Sean Strawbridge, Chief Operating Officer/Deputy Executive Director
Jarl Pedersen, Chief Commercial Officer
Dennis J. DeVries, Chief Financial Officer
Kent Britton, Financial Controller
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
Kreston Cook, Director of Operations
Tom Mylett, Director of Port Security
Darrin Aldrich, Director of Real Estate

PORTCORPUSCHRISTI

FINANCIAL SECTION



The *Euronav Anne*, a Very Large Crude Carrier, successfully tested at Oxy Ingleside Energy Center.

PORT CORPUS CHRISTI®

Port of Corpus Christi Authority of Nueces County, TX

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

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INDEPENDENT AUDITOR'S REPORT

April 30, 2018

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, 2017 and 2016, 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, 2017 and 2016, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 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 and state financial awards, page 98 and 99, 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 State of Texas Single Audit Circular* and is also not a required part of the basic financial statements.

The supplemental schedules and the schedule of federal and state 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 30, 2018 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Collier, Johnson & Woods

PORT CORPUS CHRISTI

As management of the Port of Corpus Christi Authority 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, 2017 and 2016. 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 the 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, 2017 was $558,000,386, increasing $35,917,557 or 6.9% over the prior year. Income before capital grants and contributions produced an increase in net position of $30,380,941, and capital contributions provided an increase of $5,536,616 to net position.
- The net investment in capital assets increased $77,996,920 over the prior year as a result of capital additions net of depreciation of $86,026,345 and repayment of capital debt, net of unspent bond proceeds of $8,029,425.
- Restricted net position decreased $14,809,815 from the prior year due to expenditures of $15,529,680 under the Voluntary Acquisition and Relocation Benefits Program explained in Note 10, pages 48-49, law enforcement seizure funds, net of interest earned, of $4,683, and an increase in the required restriction for debt service of $724,548.
- Unrestricted net position of $152,673,693 may be used to meet the Authority's current ongoing obligations to employees and creditors and decreased $27,269,548 from 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.

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 presents information on all the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. 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 position 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 basic financial statements found on pages 50-52 of this report.

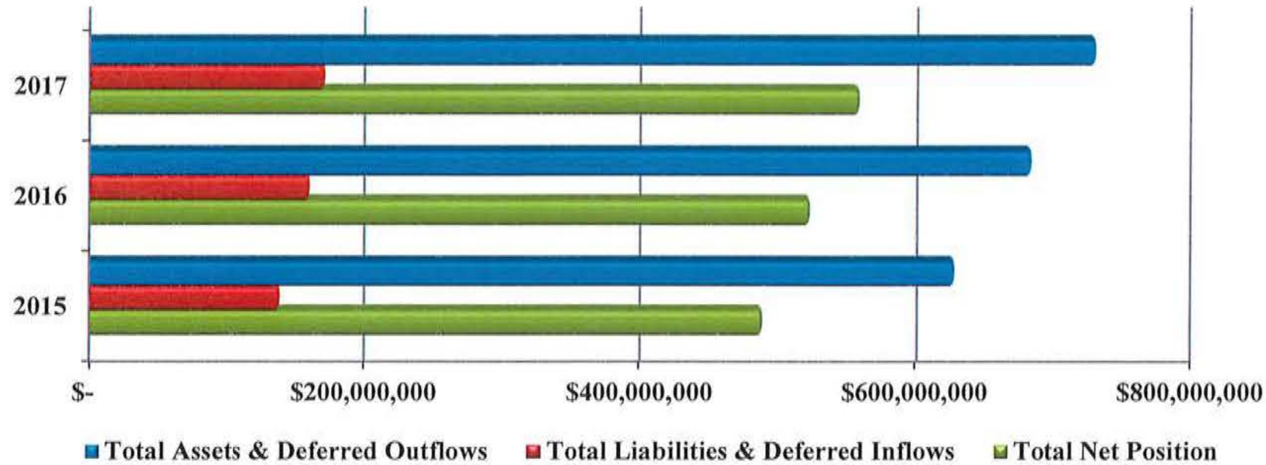
FINANCIAL ANALYSIS

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

Net Position is the difference between the Authority's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Over time, increases or decreases in net position may serve as an indicator of whether the Authority's financial position is improving or deteriorating.

The following condensed Statement of Net Position provides an overview of the Authority's net position as of December 31, 2017, 2016 and 2015:



	2017	2016	2015	2017-16 Change	2016-15 Change
Assets					
Current assets	$ 197,308,460	$ 205,388,833	$ 174,809,632	$ (8,080,373)	$ 30,579,201
Restricted assets	43,168,645	70,859,926	90,967,295	(27,691,281)	(20,107,369)
Capital assets	476,150,213	390,123,868	356,991,696	86,026,345	33,132,172
Other non-current assets	8,153,006	10,747,152	2,369,840	(2,594,146)	8,377,312
Total Assets	**724,780,324**	**677,119,779**	**625,138,463**	**47,660,545**	**51,981,316**
Deferred Outflows of Resources					
Deferred outflows related to pensions	4,705,309	5,529,207	1,958,889	(823,898)	3,570,318
Total Deferred Outflows of Resources	**4,705,309**	**5,529,207**	**1,958,889**	**(823,898)**	**3,570,318**
Liabilities					
Current liabilities	24,630,537	18,210,103	14,432,078	6,420,434	3,778,025
Long-term debt, net of current portion	101,795,000	106,245,000	110,640,000	(4,450,000)	(4,395,000)
Unearned revenue, net of current portion	39,876,069	31,423,818	10,755,796	8,452,251	20,668,022
Other liabilities	4,505,035	4,506,278	3,162,906	(1,243)	1,343,372
Total Liabilities	**170,806,641**	**160,385,199**	**138,990,780**	**10,421,442**	**21,394,419**
Deferred Inflows of Resources					
Deferred inflows related to pensions	678,606	180,958	-	497,648	180,958
Total Deferred Inflows of Resources	**678,606**	**180,958**	**-**	**497,648**	**180,958**
Net Position					
Net investment in capital assets	384,104,593	306,107,673	288,144,036	77,996,920	17,963,637
Restricted	21,222,100	36,031,915	36,153,709	(14,809,815)	(121,794)
Unrestricted	152,673,693	179,943,241	163,808,827	(27,269,548)	16,134,414
Total Net Position	**$ 558,000,386**	**$ 522,082,829**	**$ 488,106,572**	**$ 35,917,557**	**$ 33,976,257**

2017 – 2016

The Authority's net position of $558,000,386 at the close of 2017 increased by $35,917,557 over 2016. The largest portion of the Authority's net position (68.8%) 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 (27.4%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position (3.8%) 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 $46,836,647 (6.9%) over 2016. The majority of this change is from an increase in net capital assets of $86,026,345 offset by decreases in restricted assets of $27,691,281 and current assets of $8,080,373. Restricted assets have decreased primarily due to the expenditures in 2017 of revenue bond proceeds for capital projects and expenses under the Voluntary Acquisition and Relocation Benefits Program of the Harbor Bridge commitment explained in Note 10, pages 48-49.

The Authority's total liabilities and deferred inflows increased by $10,919,090 (6.8%) over 2016. Unearned revenues, net of current portion increased by $8,452,251 due to the recognition of lease revenues deferred to future periods.

2016 – 2015

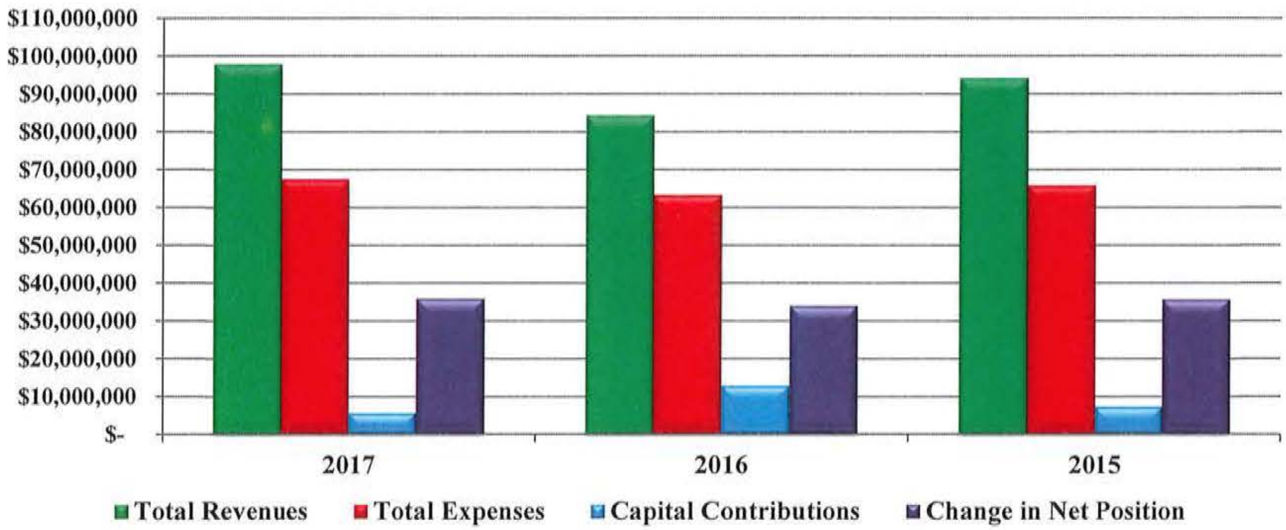
The Authority's net position of $522,082,829 at the close of 2016 increased by $33,976,257 over 2015. The largest portion of the Authority's net position (58.6%) reflects its net investment in capital assets. The Authority uses these capital assets to provide services to its customers and consequently, 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.

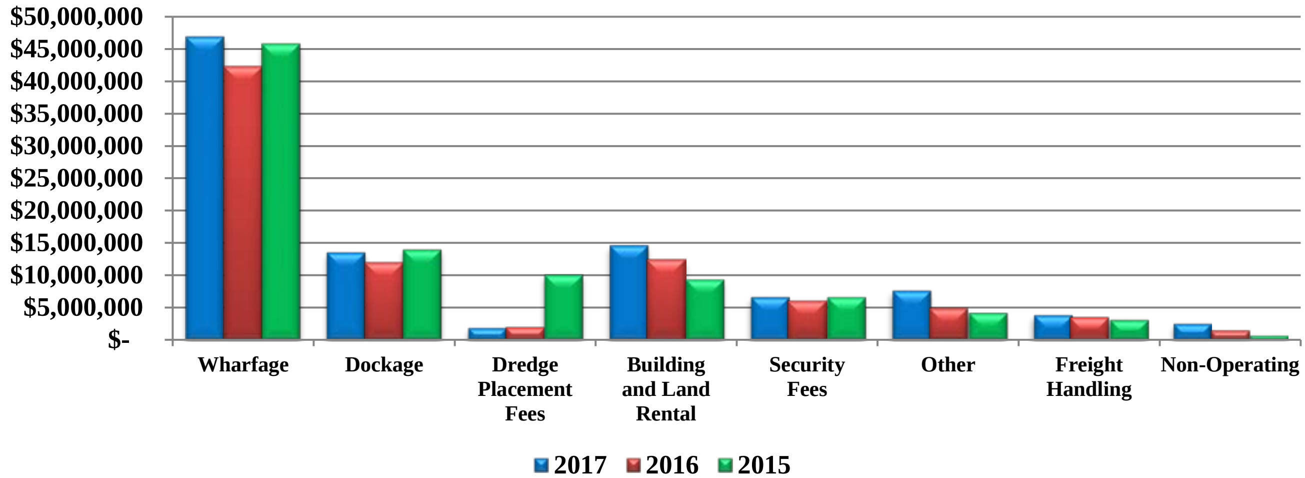
Statement of Revenues, Expenses, Change in Net Position

The Statement 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 its profitability and credit worthiness. The following Statement of Revenues, Expenses, and Change in Net Position summarizes the operations of the Authority for the years ended December 31, 2017, 2016 and 2015:



	2017	2016	2015	2017-16 Variance	2016-15 Variance
Revenues					
Operating revenues:					
Wharfage	$ 46,948,820	$ 42,337,275	$ 45,779,919	$ 4,611,545	$ (3,442,644)
Dockage	13,548,519	11,970,562	14,003,472	1,577,957	(2,032,910)
Security fees	6,686,343	6,070,139	6,673,782	616,204	(603,643)
Freight handling	3,892,661	3,463,593	3,153,285	429,068	310,308
Rail Charges	2,217,491	1,427,837	699,535	789,654	728,302
Building and land rentals	14,641,254	12,444,299	9,391,040	2,196,955	3,053,259
Conference center services	2,152,659	2,011,136	2,209,031	141,523	(197,895)
FTZ user fees	225,000	224,000	207,667	1,000	16,333
Dredge placement fees	1,920,638	1,870,497	10,151,880	50,141	(8,281,383)
Other	2,041,419	1,202,624	1,152,244	838,795	50,380
Insurance proceeds, net of losses	1,033,235	-	-	1,033,235	-
Total operating revenues	95,308,039	83,021,962	93,421,855	12,286,077	(10,399,893)
Investment income	2,417,838	1,184,692	518,374	1,233,146	666,318
Federal and other grant assistance	146,950	152,412	227,714	(5,462)	(75,302)
Total Revenues	**97,872,827**	**84,359,066**	**94,167,943**	**13,513,761**	**(9,808,877)**
Expenses					
Operating expenses:					
Maintenance and operations	21,066,636	21,435,640	21,470,411	(369,004)	(34,771)
General and administrative	23,263,150	20,715,616	19,469,477	2,547,534	1,246,139
Depreciation	13,377,640	13,140,057	12,822,653	237,583	317,404
Total operating expenses	57,707,426	55,291,313	53,762,541	2,416,113	1,528,772
Interest expense and fiscal charges	3,650,348	2,973,844	2,030,505	676,504	943,339
Contributions-Harbor Bridge commitment	1,287,176	1,885,410	-	(598,234)	1,885,410
Bond issuance costs	-	-	1,139,597	-	(1,139,597)
Contributions to other governments	4,415,092	3,000,000	3,000,000	1,415,092	-
Loss on disposal of assets	3,590	67,638	5,829,882	(64,048)	(5,762,244)
Loss on impairment of assets	428,254	-	-	428,254	-
Total Expenses	**67,491,886**	**63,218,205**	**65,762,525**	**4,273,681**	**(2,544,320)**
Income Before Contributions	**30,380,941**	**21,140,861**	**28,405,418**	**9,240,080**	**(7,264,557)**
Capital Contributions	5,536,616	12,835,396	7,245,620	(7,298,780)	5,589,776
Changes in Net Position	35,917,557	33,976,257	35,651,038	1,941,300	(1,674,781)
Total Net Position, Beginning of Year	522,082,829	488,106,572	454,291,182	33,976,257	33,815,390
Cumulative Effect of Change in Accounting Principle	-	-	(1,835,648)	-	1,835,648
Total Net Position, as Restated	522,082,829	488,106,572	452,455,534	33,976,257	35,651,038
Total Net Position, End of Year	**$ 558,000,386**	**$ 522,082,829**	**$ 488,106,572**	**$ 35,917,557**	**$ 33,976,257**

Revenues



2017 – 2016

Operating revenues in 2017 increased by $12,286,077 or 14.8% over 2016. Wharfage revenues increased by $4,611,545 over 2016. The majority of the wharfage increase was at the private oil docks ($2,864,156) and the dry cargo docks ($2,345,899), partially offset by decreases at the public oil docks ($491,216). The movement of crude oil has increased 20% over 2016 mainly due to increases at the private oil docks with the largest increase being at Oxy Ingleside Energy Center, LLC ($3,411,315). One of the Authority's public oil docks was in the footprint of the new bridge and ceased operation in early February 2017 which resulted in a decrease of revenue at that dock of $1,104,338. Revenues have increased at the dry cargo docks primarily due to movements of cargo from voestalpine Texas, LLC, which began operations in April, 2016. Dockage revenues have increased $1,577,957 over 2016. Ship traffic has increased by 9.3% over 2016 while barge traffic did not change significantly. In 2017, insurance proceeds, net of losses of $1,033,235 was accrued for the damage claims from Hurricane Harvey.

Building and land rentals of Authority properties have increased $2,196,955 due to new tenants and rent escalations of existing leases.

Non-operating revenues have increased $1,227,684 over 2016. The Authority recognized an increase in investment income of $1,233,146 mainly due to increasing interest rates earned on their investments.

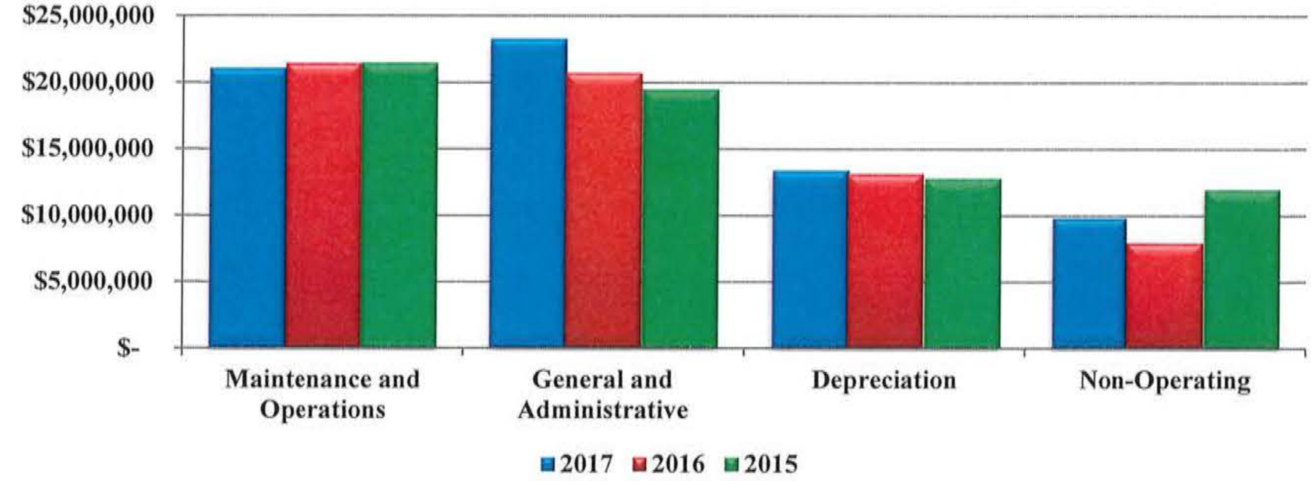
2016 – 2015

Operating revenues in 2016 decreased by $10,399,893 or 11.1% 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). The drop in oil prices has led to a 5.1% decrease in ship traffic and a 19.1% drop in barge traffic over 2015.

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.

Expenses



2017 – 2016

Operating expenses in 2017 increased $2,416,113 or 4.4% over 2016. The major variances in expenses from 2017 to 2016 are as follows:

• Employee services	$ 1,915,845
• Maintenance	(852,972)
• Professional services	783,417
• Administrative expenses	287,080
• Depreciation	237,583

Of the increase in employee service costs over 2016, $1,193,509 is attributable to wages and payroll taxes from staffing additions and wage increases, with the remainder of $722,336 attributable to employee benefits. Retirement expenses increased $980,740 over 2016, and this increase is explained in Note 7 to the financial statements on pages 36-43. The Authority is self-funded for medical and dental expenses of its employees, and the cost of these benefits decreased $228,623 from 2016.

Maintenance project expenses have decreased $852,972 from 2016. Maintenance dredging of the inner harbor docks is done periodically and the Authority incurred costs of $453,578 in 2016 for this purpose, and expenses of only $41,584 were expended in 2017 to complete the work. Also in 2016, a major maintenance project to resurface a storage yard resulted in expenses of $733,963.

Professional service expenses increased in 2017 by $783,417, and the increase has been in environmental services ($482,196) and legal fees ($211,481).

Administrative costs have increased due to the decision in 2017 to purchase computers rather than lease. In addition, the Authority has increased travel expenses in 2017 in an effort to promote the Port and gain market sector.

Depreciation expense has increased over 2016 mainly due to the completion and capitalization of a major project to construct an oil dock in 2017.

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-reoccurring 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, due primarily to effect of plan changes made in 2015. The Authority is self-funded for medical and dental expenses of its employees, and the cost of these benefits increased $826,555 over 2015.

Capital Grants and Contributions

2017 – 2016

Capital grants and contributions decreased by $7,298,780 from 2016. 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, 2017 include the following:

• Security enhancements	$	113,502
• State funded rail improvements		4,621,358
• State funded road construction		572,256
• Donations of capital property from tenants		229,500

2016 – 2015

Capital grants and contributions increased by $5,589,776 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		812,250

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2017 – 2016

The Authority's investment in capital assets as of December 31, 2017, amounts to $476,150,213 (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 $86,026,345 or 22.1%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on pages 31-32.

Major capital asset activity during 2017 include the following:

• Channel deepening and widening	$ 32,529,059
• Construction of new oil docks	$ 21,945,329
• Land purchases	$ 12,543,637
• Demolition/removal of bridge foundations	$ 11,696,539
• Expansion of rail interchange yard	$ 6,310,572

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 pages 31-32.

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

	2017	2016	2015	2017-16 Change	2016-15 Change
Capital assets, not being depreciated:					
Land	$ 96,467,773	$ 91,132,008	$ 84,786,396	$ 5,335,765	$ 6,345,612
Channel & waterfront improvements	31,530,381	25,107,516	25,056,737	6,422,865	50,779
Intangibles	387,429	387,429	387,429	-	-
Construction in progress	154,887,001	93,743,620	59,166,446	61,143,381	34,577,174
	283,272,584	210,370,573	169,397,008	72,902,011	40,973,565
Capital assets, being depreciated:					
Port facilities	134,686,056	116,600,379	122,243,165	18,085,677	(5,642,786)
Buildings & improvements	43,286,983	46,005,997	46,658,332	(2,719,014)	(652,335)
Machinery and equipment	14,708,809	16,837,760	18,273,351	(2,128,951)	(1,435,591)
Intangibles	195,781	309,159	419,840	(113,378)	(110,681)
	192,877,629	179,753,295	187,594,688	13,124,334	(7,841,393)
Net Capital Assets	**$ 476,150,213**	**$ 390,123,868**	**$ 356,991,696**	**$ 86,026,345**	**$ 33,132,172**

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 page 33. As of December 31, 2017, the Authority had long-term debt outstanding of $106,245,000. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2017, 2016 and 2015.

	2017	2016	2015	2017-2016 Change	2016-2015 Change
General revenue bonds	$ 106,245,000	$ 110,640,000	$ 115,000,000	$ (4,395,000)	$ (4,360,000)
Total Long-term Debt	**$ 106,245,000**	**$ 110,640,000**	**$ 115,000,000**	**$ (4,395,000)**	**$ (4,360,000)**

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, 2017, the Authority's revenue bond coverage was 5.63.

ECONOMIC OUTLOOK

The Authority, along with its attendant customer base, is experiencing a significant economic boom, driven primarily by the increasing oil and gas production in the Permian Basin. As a result, the Authority hit all-time highs in both shipments and revenue in 2017, and entered new contractual relationships that will put the Authority in a solid position to continue that trend in the future. In 2017, the Authority became the fourth largest port in the United States, as measured by tonnage, shipping over 100 million tons, an increase of

8.6% over the prior year. The primary drivers of that increase were crude oil exports and dry bulk materials, and the Authority in 2017 became the leading exporter of crude oil in the United States. 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 our customers invested in the Permian and Eagle Ford 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. The authority completed one new oil dock in 2017, and will complete two additional oil docks in 2018.

The outlook for the Permian Basin has improved for several years, and output there now is at approximately 2.8 million barrels per day, making it the second most productive field in the world. As much of that oil will make its way via pipeline to the water, the Authority feels it is well positioned to see significant continued improvements in its crude export volumes in the near and medium-term. The Authority's deep draft ship channel and strategic location relative to those production areas provides a secure and competitive supply chain to markets worldwide.

The Corpus Christi Ship Channel – Channel Improvement Project is the top priority for the Authority, as a deeper, wider ship channel will provide better navigational safety and transportation efficiencies for our customers. The Authority took a key step forward in that project in September 2017 with the signing of a Project Partnership Agreement (PPA) with the U.S. Army Corps of Engineers. This project will deepen the channel from 47 feet MLLW (Mean Lower Low Water) to 54 feet MLLW, widen the channel to 530 feet, and provide for adjacent barge shelves. The project, which will cost approximately $335 million and be jointly funded by the Authority and the Federal Government, is expected to begin work in the Summer of 2018. The Authority provided $32 million in accelerated funding as part of the PPA.

Over the past 5 years, industry leading companies from around the world have committed to major investments in and around the Authority, now totaling more than $60 billion. Several of these projects are now completed or close to being completed and ready to begin production. Several others are currently under construction, and are anticipated to come on line over the next several years. In addition, the Authority reached agreement on several others in 2017 that have either begun construction or have options to do so in the near term. These investments include the following:

After completing major infrastructure improvements in 2014 including pipelines and a new oil dock, Nustar Energy in late December 2016 completed a major asset purchase that will take their estimated throughput to over 200 million barrels annually. The acquisition includes marine terminal dock assets, additional tank storage, and other assets located on the North side of Authority's Inner Harbor. That new dock was close to completion at the end of 2017. Nustar also reached a milestone in April 2017 by loading 930,000 barrels of crude oil onto a single vessel, believed to be the largest loading in the Authority's history.

Phase II of the Nueces River Rail Yard was completed in late 2017 and now provides the Authority, its short line and its three Class I partners with eight unit train sidings of 8,500 feet length each. The project was at a cost of $28 million, partially funded by a $22 million grant from the Texas Department of Transportation. That project provides the Authority the rail capacity to handle the existing and future rail needs of our customers.

M&G Resins USA, which had 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, filed for bankruptcy in October 2017 prior to completion of the plant. However, buyers have emerged in bankruptcy that should allow completion of the plant in early 2019. 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.

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 over time beginning in early 2019. A Notice to Proceed has been given to their primary contractor to begin work on their third processing unit on the site.

Oxy Ingleside Energy Center, LLC, which purchased the former Naval Station Ingleside property from the Port in 2012, began operations in late 2016 and exported close to 11 million tons of product in 2017, quickly making it the Authority's third largest customer by tonnage. In addition, they successfully received a Very Large Crude Carrier (VLCC) in May 2017 at their facility, the largest oil tanker ever to call on a Gulf of Mexico Port.

In April 2017, Gulf Coast Growth Ventures (GCGV), a joint venture between ExxonMobil and SABIC, announced that they had selected a site in San Patricio County as their location to build a $10 billion, 1,300-acre plastics manufacturing complex. The project would create a worldscale ethane steam cracker for production of ethylene, with derivative units for production of polyethylene and monoethylene glycol. The project is expected to create 6,000 jobs at the peak of construction, 600 new permanent jobs and 3,500 permanent indirect jobs across the state. Final Investment Decision is expected in early 2018. As a result, the Authority reached long-term lease agreements with GCGV in December 2017 for a 13-acre multipurpose cargo dock and a 35-acre marine terminal facility.

In July 2017 the Authority agreed to a long-term lease agreement with Howard Energy Partners for a 41-acre site on the Inner Harbor. Howard Energy Partners plans to design, construct, and operate a rail terminal and petroleum products storage facility on the leased property. As a part of the lease agreement, the Authority will design and construct a new Oil Dock 20 to support Howard's operations. Howard is expected to begin serving markets in Mexico by rail in the first half of 2018, with pipeline and ship operations to follow at later dates.

Also in July 2017, the Authority agreed to a long-term lease agreement with GCCM Holdings, LLC for a 9-acre site on the Inner Harbor. As part of the agreement, the Authority will build a new cargo dock for the exclusive use of GCCM, including a crane and conveyor system, where GCCM will operate a cement distribution terminal. The goal for completion of construction and commencement of operations is in the first half of 2019.

In December 2017, the Authority agreed to a six-month option for a long-term lease agreement with Vitol Inc. and Harvest Pipeline Company for a 22-acre site on the Inner Harbor. If exercised, that site would be the site for a state of the art crude oil export terminal, supporting the increased flow of crude oil from the Permian Basin for export.

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.

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 42,930,593	$ 40,707,008
Investments (Note 2)	130,805,566	144,922,308
Accounts receivable, net (Note 3)	20,679,738	14,351,677
Interest receivable	334,398	454,072
Intergovernmental receivable	614,756	3,280,864
Inventory	1,009,527	825,074
Prepaid expenses	933,882	847,830
Total Current Assets	197,308,460	205,388,833
NON-CURRENT ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	38,698,325	70,859,926
Investments (Note 2)	4,470,320	-
Total Restricted Assets	43,168,645	70,859,926
CAPITAL ASSETS:		
Capital assets, not being depreciated (Note 4)	283,272,584	210,370,573
Capital assets, being depreciated, net (Note 4)	192,877,629	179,753,295
Capital Assets, Net	476,150,213	390,123,868
OTHER NON-CURRENT ASSETS:		
Accrued revenues, net of current portion	8,053,006	10,647,152
Purchase option deposit	100,000	100,000
Total Non-Current Assets	8,153,006	10,747,152
TOTAL ASSETS	724,780,324	677,119,779
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions (Note 7)	4,705,309	5,529,207
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	729,485,633	682,648,986
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	12,700,668	8,590,238
Accrued expenses	968,887	884,891
Accrued interest payable	337,591	342,144
Unearned revenue, current portion (Note 6)	4,526,685	2,265,192
Unearned capital lease, current portion (Note 6)	457,040	457,040
Current maturities of long-term debt (Note 6)	4,450,000	4,395,000
Compensated absences, current portion (Note 6)	1,189,666	1,275,598
Total Current Liabilities	24,630,537	18,210,103
NON-CURRENT LIABILITIES:		
Unearned revenue, net of current portion (Note 6)	32,585,944	23,676,652
Unearned capital lease, net of current portion (Note 6)	7,290,125	7,747,166
Long-term debt, net of current maturities (Note 6)	101,795,000	106,245,000
Compensated absences, net of current portion (Note 6)	3,164,776	2,758,031
Net pension liability (Note 7)	583,910	1,057,791
Net OPEB obligation (Note 8)	756,349	690,456
Total Non-Current Liabilities	146,176,104	142,175,096
TOTAL LIABILITIES	170,806,641	160,385,199
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions (Note 7)	678,606	180,958
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	171,485,247	160,566,157
NET POSITION:		
Net investment in capital assets	384,104,593	306,107,673
Restricted:		
Bond interest and redemption	16,733,093	16,008,545
Harbor Bridge commitment	4,470,320	20,000,000
Law enforcement	18,687	23,370
Unrestricted	152,673,693	179,943,241
TOTAL NET POSITION	$ 558,000,386	$ 522,082,829

See accompanying notes to financial statements

Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES:		
Wharfage	$ 46,948,820	$ 42,337,275
Dockage	13,548,519	11,970,562
Security fees	6,686,343	6,070,139
Freight handling	3,892,661	3,463,593
Rail Charges	2,217,491	1,427,837
Building and land rentals	14,641,254	12,444,299
Conference center services	2,152,659	2,011,136
FTZ user fees	225,000	224,000
Dredge placement fees	1,920,638	1,870,497
Other	2,041,419	1,202,624
Insurance proceeds, net of losses (Note 11)	1,033,235	-
Total Operating Revenues	95,308,039	83,021,962
OPERATING EXPENSES:		
Maintenance and operations	21,066,636	21,435,640
General and administrative	23,263,150	20,715,616
Depreciation	13,377,640	13,140,057
Total Operating Expenses	57,707,426	55,291,313
Operating Income	37,600,613	27,730,649
NON-OPERATING REVENUES (EXPENSES):		
Investment income	2,417,838	1,184,692
Federal and other grant assistance	146,950	152,412
Interest expense and fiscal charges	(3,650,348)	(2,973,844)
Contributions to Harbor Bridge commitment (Note 10)	(1,287,176)	(1,885,410)
Contributions to other government agencies	(4,415,092)	(3,000,000)
Loss on disposal of assets	(3,590)	(67,638)
Loss on impairment of capital assets (Note 4)	(428,254)	-
Net Non-Operating Expenses	(7,219,672)	(6,589,788)
Income Before Capital Grants and Contributions	30,380,941	21,140,861
CAPITAL GRANTS AND CONTRIBUTIONS	5,536,616	12,835,396
Change in Net Position	35,917,557	33,976,257
Total Net Position, Beginning of Year	522,082,829	488,106,572
Total Net Position, End of Year	$ 558,000,386	$ 522,082,829

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 103,646,479	$ 93,847,453
Cash payments to suppliers for goods & services	(23,076,760)	(18,939,227)
Cash payments to employees for services	(21,293,198)	(20,367,995)
Cash payments to and received from other operating sources	2,082	(561)
Net Cash Provided by Operating Activities	59,278,603	54,539,670
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	135,749	181,760
Payments on behalf of Harbor Bridge commitment	(1,287,176)	(1,885,410)
Payments to other governments	(4,415,092)	(3,000,000)
Net Cash Used by Noncapital Financing Activities	(5,566,519)	(4,703,650)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(95,792,144)	(45,968,044)
Capital grants and contributions	7,984,437	12,334,474
Proceeds from sale of assets	23,574	-
Principal payment on capital debt	(4,395,000)	(4,360,000)
Interest expense and fiscal charges	(3,654,901)	(2,976,696)
Net Cash Used for Capital and Related Financing Activities	(95,834,034)	(40,970,266)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	2,349,602	1,747,873
Proceeds from sale and maturities of investments	74,675,000	162,170,000
Purchase of investments	(64,840,668)	(214,105,317)
Net Cash Provided (Used) by Investing Activities	12,183,934	(50,187,444)
Net Decrease in Cash and Cash Equivalents	(29,938,016)	(41,321,690)
Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts	111,566,934	152,888,624
Cash and Cash Equivalents at End of Year, Including Restricted Accounts	$ 81,628,918	$ 111,566,934
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 37,600,613	$ 27,730,649
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	13,377,640	13,140,057
Changes in assets, deferred outlows of resources, liabilities and deferred inflows of resources:		
Accounts and intergovernment receivables	(4,815,504)	(249,859)
Inventories	(184,453)	4,111
Prepaid items	(86,052)	(78,868)
Accrued revenues, net of current	2,594,146	(10,647,152)
Net pension asset	-	2,269,840
Deferred outflows of resources	823,898	(3,570,318)
Accounts payable and accrued expenses	(1,155,902)	2,581,637
Unearned revenue	11,170,785	22,201,648
Unearned capital lease revenue	(457,041)	(457,040)
Net pension liability	(473,881)	1,057,791
Net OPEB obligation	65,893	100,697
Compensated absences	320,813	275,519
Deferred inflows of resources	497,648	180,958
Total Adjustments	21,677,990	26,809,021
Net Cash Provided by Operating Activities	$ 59,278,603	$ 54,539,670
Noncash Investing, Capital, and Financing Activities:		
Amortization (accretion) of premium/discounts on investments	$ (144,529)	$ 169,166
Change in fair value of investments	(43,381)	541,237
Change in accrued interest on investments	119,674	(147,222)
Change in intergovernmental receivables	2,666,120	(471,574)
Loss on disposal of assets	(3,590)	(67,638)
Loss on impairment of assets	(428,254)	-
Donation of capital assets	229,500	-
Acquisition of capital assets accrued but not paid, net of reimbursements	3,837,759	371,823

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

	2017	2016
Total Net Position	$ 171,969	$ 93,844
Change in Net Position	$ 78,125	$ 81,656

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/P1 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 historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are stated at acquisition value as of the date received. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Authority policy has set the capitalization threshold for reporting capital assets at $5,000. The Authority capitalizes, as a cost of its constructed assets, the weighted average interest expense applied to average cumulative expenditures.

The Authority reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment in the carrying value. If facts or circumstances support impairment, management follows guidance in GASB No.42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

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 in 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 7 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 56.0 percent of the Authority's wharfage and dockage revenue base for 2017, as compared to six customers that made up 58.5 percent in 2016. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing 84.6 percent of the total cargo tonnage moved through the Authority in 2017, compared to 85.1 percent in 2016.

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.

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.

GASB 87 – *Leases*– requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This statement will become effective for the Authority in fiscal year 2020.

2. DEPOSITS AND INVESTMENTS

At December 31, 2017 the carrying amount of the Authority's demand deposits and cash on hand was $3,617,399. 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, 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.

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.

Authority's investments at December 31, 2017 and 2016 carried at fair value were:

	2017			2016		
Investment Type	**Fair Value**	**Weighted Average Maturity (Days)**	**Credit Risk**	**Fair Value**	**Weighted Average Maturity (Days)**	**Credit Risk**
Certificates of Deposit	$ -			$ 245,000	290	
Money market funds	16,263,917	1		28,240,365	1	
Local government pool	64,050,419	1	AAA	81,701,941	1	AAA
United States agencies	125,296,341	304	AAA	137,659,515	571	AAA
Commercial paper	9,979,545	48	A-1/P-1	-		
Municipal bonds	-			7,017,793	74	AAA/AA
Total	215,590,222			254,864,614		
Short-term investments included in cash and cash equivalents	80,314,336			109,942,306		
Equity in Total Investments	**$ 135,275,886**			**$ 144,922,308**		
Portfolio weighted average maturity		179			311	

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

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 commercial paper must be rated no less than A-1 or P-1 by at least two nationally recognized credit rating agencies and the policy further restricts purchases to have a maturity not to exceed 180 days.

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.

CONCENTRATION OF RISK

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

Investment Policy		Percent of Portfolio 2017	2016
United States Treasury securities	100%	-	3.92%
United States Agency securities	100%	58.11%	50.09%
Depository Certificates of Deposit	80%	-	0.10%
Repurchase Agreements	100%	-	-
Flex Agreements by bond fund	100%	-	-
Local Government Investment Pools	100%	29.71%	32.05%
Percent of pool ownership	10%		
Money Market Mutual Funds	100%	7.54%	11.08%
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%
Commercial Paper	15%	4.63%	-

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, 2017 and 2016, the Authority had no foreign currency risk.

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.

For purposes of disclosing interest-rate risk, the maturity of a government's position in an external investment pool is based on the average maturity of the pool's investments regardless of the ability of the pool's participants to withdraw funds on demand.

As of December 31, 2017, the portfolio contained ten structured callable notes which would be impacted by interest rate risk as listed in the following table:

Issuer	Coupon Rate	Purchase Date	Maturity Date	Call Date	Call Structure	Book Value	Market Value
FHLB	1.250%	08/23/2016	08/23/2018	02/23/2018	Callable quarterly with 5 days notice	$ 7,000,000	$ 6,972,966
FHLB	1.000%	08/24/2016	05/24/2018	02/24/2017	Callable quarterly with 5 days notice	$ 5,000,000	$ 4,987,985
FHLB	0.900%	10/27/2016	07/27/2018	01/27/2017	Callable quarterly with 5 days notice	$ 10,000,000	$ 9,959,280
FHLMC	1.300%	10/28/2016	10/25/2019	01/25/2017	Callable quarterly with 5 days notice	$ 10,000,000	$ 9,873,240
FHLMC	1.050%	11/28/2016	11/28/2018	02/28/2018	Callable quarterly with 5 days notice	$ 5,000,000	$ 4,963,720
FAMCA	1.250%	4/19/2017	4/19/2018	1/19/2018	Callable monthly with 5 days notice	$ 10,000,000	$ 10,000,000
FFCB	0.690%	7/29/2016	1/11/2018	10/11/2016	Callable anytime with 5 days notice	$ 7,000,000	$ 6,998,803
FHLB	1.000%	10/06/2016	9/6/2018	12/6/2016	Callable anytime with 5 days notice	$ 7,000,000	$ 6,965,567
FFCB	1.230%	11/08/2016	1/25/2019	1/25/2017	Callable anytime with 5 days notice	$ 5,000,000	$ 4,969,345
FFCB	1.150%	11/8/2016	2/22/2019	2/22/2017	Callable anytime with 5 days notice	$ 5,000,000	$ 4,947,760
				TOTAL		$ 71,000,000	$ 70,638,666

Abbreviations:

FHLB	Federal Home Loan Bank
FAMC	Federal Agriculture Mortgage Corporation
FHLMC	Federal Home Loan Mortgage Corporation
FFCB	Federal Farm Credit Bank

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	Coupon Rate	Purchase Date	Maturity Date	Call Date	Call Structure	Book Value	Market Value
FHLB	1.250%	08/23/2016	08/23/2018	02/23/2017	Callable quarterly with 5 days notice	$ 7,000,000	$ 6,988,191
FHLB	1.000%	08/24/2016	05/24/2018	02/24/2017	Callable quarterly with 5 days notice	$ 5,000,000	$ 4,967,780
FHLB	0.900%	10/27/2016	07/27/2018	04/27/2017	Callable quarterly with 5 days notice	$ 10,000,000	$ 9,944,770
FHLMC	1.300%	10/28/2016	10/25/2019	01/25/2017	Callable quarterly with 5 days notice	$ 10,000,000	$ 9,866,640
FHLMC	1.050%	11/28/2016	11/28/2018	02/28/2017	Callable quarterly with 5 days notice	$ 5,000,000	$ 4,952,735
FNMA	1.100%	08/23/2016	08/23/2019	08/23/2017	Callable once with 10 days notice	$ 10,000,000	$ 9,851,450
FNMA	1.125%	09/06/2016	09/06/2019	09/06/2017	Callable once with 10 days notice	$ 10,000,000	$ 9,842,250
FHLB	0.875%	10/06/2016	04/12/2018	04/12/2017	Callable once with 5 days notice	$ 10,000,000	$ 9,970,620
FHLMC	0.625%	11/08/2016	10/26/2018	04/26/2017	Callable once with 5 days notice	$ 1,930,132	$ 1,927,848
FFCB	0.690%	07/29/2016	01/11/2018	10/11/2016	Callable anytime with 5 days notice	$ 7,000,000	$ 6,959,925
FHLB	1.000%	10/06/2016	09/06/2018	12/06/2016	Callable anytime with 5 days notice	$ 7,000,000	$ 6,962,550
FFCB	1.230%	11/8/2016	01/25/2019	01/25/2017	Callable anytime with 5 days notice	$ 5,001,559	$ 4,970,005
FFCB	1.150%	11/08/2016	02/22/2019	02/22/2017	Callable anytime with 5 days notice	$ 5,002,084	$ 4,975,725
FHLMC	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

3. RECEIVABLES

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

		2017	2016
Trade receivables		$16,863,080	$11,679,872
Damage claims receivable		-	657,540
Insurance proceeds		1,266,289	-
Accrued revenues - capital recovery lease provision	*	10,647,151	12,776,582
		28,776,520	25,113,994
Net of allowance for uncollectibles		(43,776)	(115,165)
Receivables, net		28,732,744	24,998,829
Less: Non-current account receivable	*	(8,053,006)	(10,647,152)
Current account receivable		$20,679,738	$14,351,677

* Accrued revenues were recorded in 2016 and 2017 for lease provisions that will be billed in future years and are further explained in Note 6 of the Notes to the Financial Statements.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	$ 91,132,008	$ 5,335,765	$ -	$ 96,467,773
Channel and waterfront improvements	25,107,516	6,422,865	-	31,530,381
Intangibles	387,429	-	-	387,429
Construction in progress	93,743,620	61,143,381	-	154,887,001
Total capital assets, not being depreciated	210,370,573	72,902,011	-	283,272,584
Capital assets, being depreciated:				
Port facilities	245,959,097	25,275,629	-	271,234,726
Buildings and improvements	87,535,758	706,721	416,536	87,825,943
Machinery and equipment	48,012,647	899,106	1,532,425	47,379,328
Intangibles	2,667,305	75,936	-	2,743,241
Total capital assets, being depreciated	384,174,807	26,957,392	1,948,961	409,183,238
Less: accumulated depreciation for				
Port facilities	129,358,718	7,189,952	-	136,548,670
Buildings and improvements	41,529,763	3,204,305	195,108	44,538,960
Machinery and equipment	31,174,886	2,794,068	1,298,435	32,670,519
Intangibles	2,358,145	189,315	-	2,547,460
Total accumulated depreciation	204,421,512	13,377,640	1,493,543	216,305,609
Total capital assets, being depreciated, net	179,753,295	13,579,752	455,418	192,877,629
Total capital assets, net	**$ 390,123,868**	**$ 86,481,763**	**$ 455,418**	**$ 476,150,213**

Hurricane Harvey, a category 4 hurricane made landfall on the Texas gulf coast and caused extensive damage to the coastal cities north of Corpus Christi. As a result, certain assets were destroyed and other assets require restoration efforts to restore their service utility. In accordance with GASB Statement No.42, the Authority realized a loss from impairment of $428,254. For more information on the financial impacts of Hurricane Harvey, see Note 11 of the Notes to the Financial Statements.

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**

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, 2017, 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	
2018	$ 11,349,662
2019	9,269,326
2020	8,018,662
2021	6,996,181
2022	6,812,897
Thereafter	64,287,347
Total	**$ 106,734,075**

As of December 31, 2017, $25,665,477 had been received in advance payments and $11,447,152 will be billed in future periods for operating leases and has been recorded as unearned revenue. As of December 31, 2016, $13,974,445 had been received in advance payments and $11,967,399 will be billed in future periods 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, 2017 was $4,101,169, of which $472,305 was capitalized and total interest expense for the year ended December 31, 2016 was $4,137,095, of which $1,177,284 was capitalized.

A statement of changes in long-term debt for the year ended December 31, 2017, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	$ 110,640,000	$ -	$ 4,395,000	$ 106,245,000	$ 4,450,000
Total	**$ 110,640,000**	**$ -**	**$ 4,395,000**	**$ 106,245,000**	**$ 4,450,000**

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**

Total debt service requirements as of December 31, 2017, are as follows:

Years Ending	Principal	Interest	Total
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
2022	4,895,000	3,608,096	8,503,096
Thereafter	82,980,000	27,521,290	110,501,290
Total	**$ 106,245,000**	**$ 46,760,788**	**$ 153,005,788**

UNEARNED REVENUES

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

Years Ending	Damage Claims	Operating Leases	Dredge Placement Fees	Totals
2018	$ 68,400	$ 4,271,040	$ 187,245	$ 4,526,685
2019	-	2,983,223	-	$ 2,983,223
2020	-	2,959,647	-	$ 2,959,647
2021	-	2,871,995	-	$ 2,871,995
2022	-	2,861,146	-	$ 2,861,146
Thereafter	-	20,909,933	-	$ 20,909,933
Total	**$ 68,400**	**$ 36,856,984**	**$ 187,245**	**$ 37,112,629**

The Authority entered into a lease agreement with at tenant in 2017 that contains a provision for the preferential rights to use an Authority dock for a period of six years, however this provision is billable over five years. A receivable has been recorded for the remaining four years and unearned revenue will be recognized over the term of the preferential rights to use the dock.

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 billable over a four year period beginning in 2017 and a receivable has been recorded for the unbillled portion of the lease provision for this. Both lease provisions are recorded as unearned revenue 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	
2018	$ 457,040
2019	457,040
2020	457,040
2021	457,040
2022	457,040
Thereafter	5,461,965
Total	**$ 7,747,165**

COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2017, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	$ 1,247,284	$ 910,584	$ 747,925	$ 1,409,943	$ 747,925
Sickleave	2,786,345	599,895	441,741	2,944,499	441,741
Total	**$ 4,033,629**	**$ 1,510,479**	**$ 1,189,666**	**$ 4,354,442**	**$ 1,189,666**

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**

OPEB OBLIGATION

A statement of changes in OPEB Obligation for the year ended December 31, 2017, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	$ 690,456	$ 182,144	$ 116,251	$ 756,349	$ -
Total	**$ 690,456**	**$ 182,144**	**$ 116,251**	**$ 756,349**	**$ -**

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**	**$ -**

7. PENSION PLAN

Plan Description

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). 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 2017 was 4.26 percent and for the calendar year 2016 was 4.99 percent, however the governing body of the Authority adopted the rate of 7 percent for both the calendar year 2017 and 2016. 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 $1,068,177 and $1,068,177, respectively for the year ended December 31, 2017, and $996,832 and $996,832, respectively for the year ended December 31, 2016.

Employees Covered by Benefit Terms

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

	December 31, 2016	December 31, 2015
Retirees or beneficiaries currently receiving benefits	97	95
Inactive employees entitled to but not yet receiving benefits	54	53
Active employees	209	202
	360	350

Actuarial Assumptions

The actuarial assumptions that determined the total net pension liability as of December 31, 2017 and the total net pension asset as of December 31, 2016 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:

Actuarial Valuation Date	**December 31, 2016 and December 31, 2015**
Actuarial Cost Method	Individual Entry Age Normal
Long-term Investment Rate of Return	8.10%
Discount Rate	8.10%
Inflation Rate	3.0%
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 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. For December 31, 2014 valuation all Mortality tables use generational mortality with Projection Scale AA	Among active members 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 year

Discount Rate

The discount rate used to determine the total pension liability as of December 31, 2017 and December 31, 2016 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, 2016:			
Net pension liability	$ 6,199,703	$ 583,910	$ (4,178,437)
December 31, 2015:			
Net pension asset	$ 6,353,951	$ 1,057,791	$ (3,436,932)

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, 2017 information for a seven to ten year time horizon. 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	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities-Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities-Emerging	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships	Alerian MLP Index	3.00%	5.60%
Private Real Estate	Cambridge Associates Real Estate Index (5)	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

(1) Target Asset Allocation was adopted at the April, 2017 TCDRS Board meeting

(2) Geometric Real Rates of Return in addition to assumed inflation of 2.0%, per Cliffwater's 2017 capital market assumptions

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

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

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

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.

Net Pension Liability

The Net Pension Liability is the difference between the Total Pension Liability and the plan's Fiduciary Net Position.

For the year ended December 31, 2017, the Authority's Net Pension Liability was measured as of December 31, 2016, and the Total Pension Liability was determined by an actuarial valuation as of that date.

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.

The changes in net pension liability for the measurement date of December 31, 2016 based on the actuarial date of December 31, 2016 is reflected below:

Changes in Net Pension Liability	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Position Liability
Balances as of December 31, 2015	$ 46,331,389	$ 45,273,598	$ 1,057,791
Changes for the Year:			
Service cost	1,646,309	-	1,646,309
Interest on total pension liability	3,737,072	-	3,737,072
Effect of economic/demographic gains or losses	(640,607)	-	(640,607)
Refund of contributions	(165,687)	(165,687)	-
Benefit payments	(1,877,746)	(1,877,746)	-
Administrative expenses	-	(36,388)	36,388
Member contributions	-	996,832	(996,832)
Net investment income	-	3,346,977	(3,346,977)
Employer contributions	-	996,832	(996,832)
Other (allocated system-wide items)	-	(87,598)	87,598
Balances as of December 31, 2016	**$ 49,030,730**	**$ 48,446,820**	**$ 583,910**

The changes in net pension liability 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	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Position Liability
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, 2017, the Authority recognized pension expense as follows:

		January 1, 2016 to December 31, 2016
Service cost	$	1,646,309
Interest on total pension liability		3,737,072
Administrative expenses		36,388
Member contributions		(996,832)
Expected investment return net of investment expenses		(3,660,261)
Recognition of deferred inflows/outflows of resources:		
Recognition of economic/demographic gains or losses		(47,857)
Recognition of assumption changes or inputs		74,864
Recognition of investment gains or losses		1,038,561
Other (allocated system-wide items)		87,598
Pension expense	**$**	**1,915,842**

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, 2017, 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	$ 285,306	$ 678,606
Changes of assumptions	299,455	-
Net difference between projected and actual earnings	3,052,371	-
Contributions made subsequent to measurement date	1,068,177	-
TOTALS	**$ 4,705,309**	**$ 678,606**

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,068,177 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2017 (i.e. recognized in the Authority's financial statements December 31, 2018). Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	$ 1,065,567
2018	1,065,567
2019	939,599
2020	(5,439)
2021	(106,768)
Total	**$ 2,958,526**

For the year ended December 31, 2016, 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	$ 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**

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $996,832 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e. recognized in the Authority's financial statements December 31, 2017). Other amounts reported as deferred outflows/inflows of resources related to pensions 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
Total	**$ 4,351,417**

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, 2017.

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, 2017, five 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 $116,251 for the year ended December 31, 2017 and $15,400 for the year ended December 31, 2016.

Annual OPEB Cost and Net OPEB Obligation

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

A statement of the calculation of the annual OPEB contribution and the change in the net OPEB obligation for the years ended December 31, 2017 and 2016 is as follows:

	2017	2016
Determination of Annual Required Contribution		
Normal Cost at Year End	$ 97,672	$ 68,857
Amortization of UAAL	106,070	64,461
Annual Required Contribution (ARC)	203,742	133,318
Determination of Net OPEB Obligation		
Annual Required Contribution	203,742	133,318
Interest on Prior Year Net OPEB Obligation	27,618	23,590
Adjustment to ARC	(49,216)	(40,811)
Annual OPEB Cost	182,144	116,097
Contributions Made	(116,251)	(15,400)
Increase in Net OPEB Obligation	65,893	100,697
Net OPEB Obligation - Beginning of Year	690,456	589,759
Net OPEB Obligation - End of Year	**$ 756,349**	**$ 690,456**

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 contribution of net benefit payments, 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	Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2017	4.00%	$ 182,144	$ 116,251	63.82%	$ 756,349
2016	4.00%	116,097	15,400	13.26%	690,456
2015	4.00%	112,021	10,144	9.06%	589,759
2014	4.00%	108,495	20,339	18.75%	487,882

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
2017	$ -	4.0%	$ 1,488,062	$ 1,488,062	0.0%	$ 15,259,672	9.8%
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%

(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, 2017. 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	5.4% in the first year		
	5.3% in the second year		
	5.2% in the third year		
	5.1% in the fourth year		
	Grade down to 4.0% by the sixty-third year		
Dental Cost Trend	2.9% in the first year and all years thereafter		
Healthcare Inflation Rate (Includes Administrative Expenses)	December 31, 2017	Medical	5.4%
		Dental	2.9%
	December 31, 2018	Medical	5.3%
		Dental	2.9%
	Range of Years 2019-2079		
		Medical	5.2% - 4.0%
		Dental	2.9% -2.9%

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 2016 pension valuation for the Texas County and District Retirement System

9. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2017, the Authority had remaining contractual construction and improvement commitments of approximately $31,309,514. 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 $4,121,307. The Authority is covered for workers' compensation claims through Texas Mutual Insurance. Prior to 2005, the Authority was self-insured for workers' compensation and estimated remaining workers' compensation claims are reflected below. The Authority has made no significant changes in its insurance coverage from coverage in the prior year. In the past three years the Authority has had no settlements that exceeded insurance coverage.

A liability for unpaid claims is reported when it is probable that a loss has occurred and the amount 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, 2017, the liability of $275,507 is comprised of estimated health claims of $253,903 and estimated worker's compensation claims of $21,604. 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.

Changes in the balances of claims liabilities as of December 31, 2017, 2016, and 2015 are as follows:

	2017	2016	2015
Unpaid claims, beginning of fiscal year	$ 391,668	$ 168,820	$ 173,348
Incurred claims (including IBNRs)	4,180,444	4,074,450	3,484,158
Claim payments	(4,296,605)	(3,851,602)	(3,488,686)
Unpaid claims, end of fiscal year	**$ 275,507**	**$ 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 $442,400,000. 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, 2017, 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 $6 million is outstanding as of December 31, 2017.

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 displace 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, 2017, the Authority has incurred $12,357,094 in property acquisition related costs and cumulative operational costs of the program in the amount of $3,172,586.

11. SUBSEQUENT EVENTS

HURRICANE HARVEY

Hurricane Harvey, a category 4 hurricane made landfall on the Texas gulf coast on August 25, 2017, and caused extensive damage to the coastal area north of Corpus Christi. As a result, certain Authority assets were destroyed and other assets require restoration efforts to restore their service utility. In accordance with GASB Statement No.42, the Authority realized a loss from impairment of $428,254 from destroyed assets. In addition, the Corpus Christi Ship Channel was closed to all vessel traffic for a record six days until the United States Coast Guard approved the opening on August 31. The Authority had purchased commercial insurance to cover its risk of loss, and a receivable for preliminary insurance proceeds net of deductibles of $1.2 million has been recorded. The proceeds were recorded as follows:

Business income interruption	$	901,695
Payroll related costs		262,086
Professional fees		2,508
Damages to real property		100,000
Total insurance proceeds		1,266,289
Hurricane related supplies and repairs		(233,054)
Insurance proceeds, net of losses	$	1,033,235

The Authority is currently pursuing funding sources, primarily grants through the Robert T. Stafford Disaster Relief and Emergency Act, both the Public Assistance Program and the Hazard Mitigation Grant Program administered through the Federal Emergency Management Agency (FEMA), and has 39 projects pending that represent an estimated $50 million in damages and proposed mitigation from Hurricane Harvey. The majority of the funding sought is for shoreline restoration, while the remainder is for minor damages to buildings, security equipment, and fencing and for debris removal and emergency preparedness costs. The Authority owns miles of shoreline that is subject to normal erosion from tidal surges and vessel traffic. The shorelines were damaged, but not significantly as to impair service utility, and the Authority is seeking to mitigate future damages by seeking FEMA funding available for this purpose.

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

PENSION PLAN:

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016
TOTAL PENSION LIABILITY			
Service Cost	$ 1,020,446	$ 1,261,508	$ 1,646,309
Interest on Total Pension Liability	3,162,730	3,506,024	3,737,072
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)	(640,607)
Benefit Payments/Contribution Refunds	(1,854,244)	(1,975,611)	(2,043,433)
Net Change in Total Pension Liability	5,179,891	2,814,636	2,699,341
Total Pension Liability, Beginning	38,336,862	43,516,753	46,331,389
Total Pension Liability, Ending	$ 43,516,753	$ 46,331,389	$ 49,030,730
FIDUCIARY NET POSITION			
Employer Contributions	$ 827,147	$ 979,505	$ 996,832
Member Contributions	827,147	979,505	996,832
Investment Income Net of Investment Expenses	2,888,058	(508,400)	3,346,977
Benefit Payments/Contribution Refunds	(1,854,244)	(1,975,611)	(2,043,433)
Administrative Expenses	(34,241)	(32,747)	(36,388)
Other	19,158	44,753	(87,598)
Net Change in Fiduciary Net Position	2,673,025	(512,995)	3,173,222
Fiduciary Net Position, Beginning	43,113,568	45,786,593	45,273,598
Fiduciary Net Position, Ending	$ 45,786,593	$ 45,273,598	$ 48,446,820
Net Pension Liability (Asset)	$ (2,269,840)	$ 1,057,791	$ 583,910
Fiduciary Net Position as a Percentage of Total Pension Asset	105.22%	97.72%	98.81%
Annual Covered Payroll	$ 11,816,386	$ 13,992,927	$ 14,240,162
Net Pension Asset as a Percentage of Covered Payroll	(19.2%)	(7.6%)	(4.1%)

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:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially Determined Contribution	$ 838,335	$ 935,773	$ 959,095	$ 771,971	$ 831,354	$ 400,446	$ 405,302	$ 787,802	$ 710,599	$ 761,458
Actual Employer Contributions	1,132,885	1,253,776	1,302,474	1,158,484	6,508,045	791,841	827,147	979,505	996,832	1,068,177
Contribution Deficiency (Excess)	(294,550)	(318,003)	(343,379)	(386,513)	(5,676,691)	(391,395)	(421,845)	(191,703)	(286,233)	(306,719)
Annual Covered Payroll	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	15,259,672
Contribution as a Percentage of Covered Payroll	11.00%	11.00%	11.00%	11.00%	59.26%	7.00%	7.00%	7.00%	7.00%	7.00%

NOTES TO SCHEDULE:

Valuation date: 12/31/2016

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.

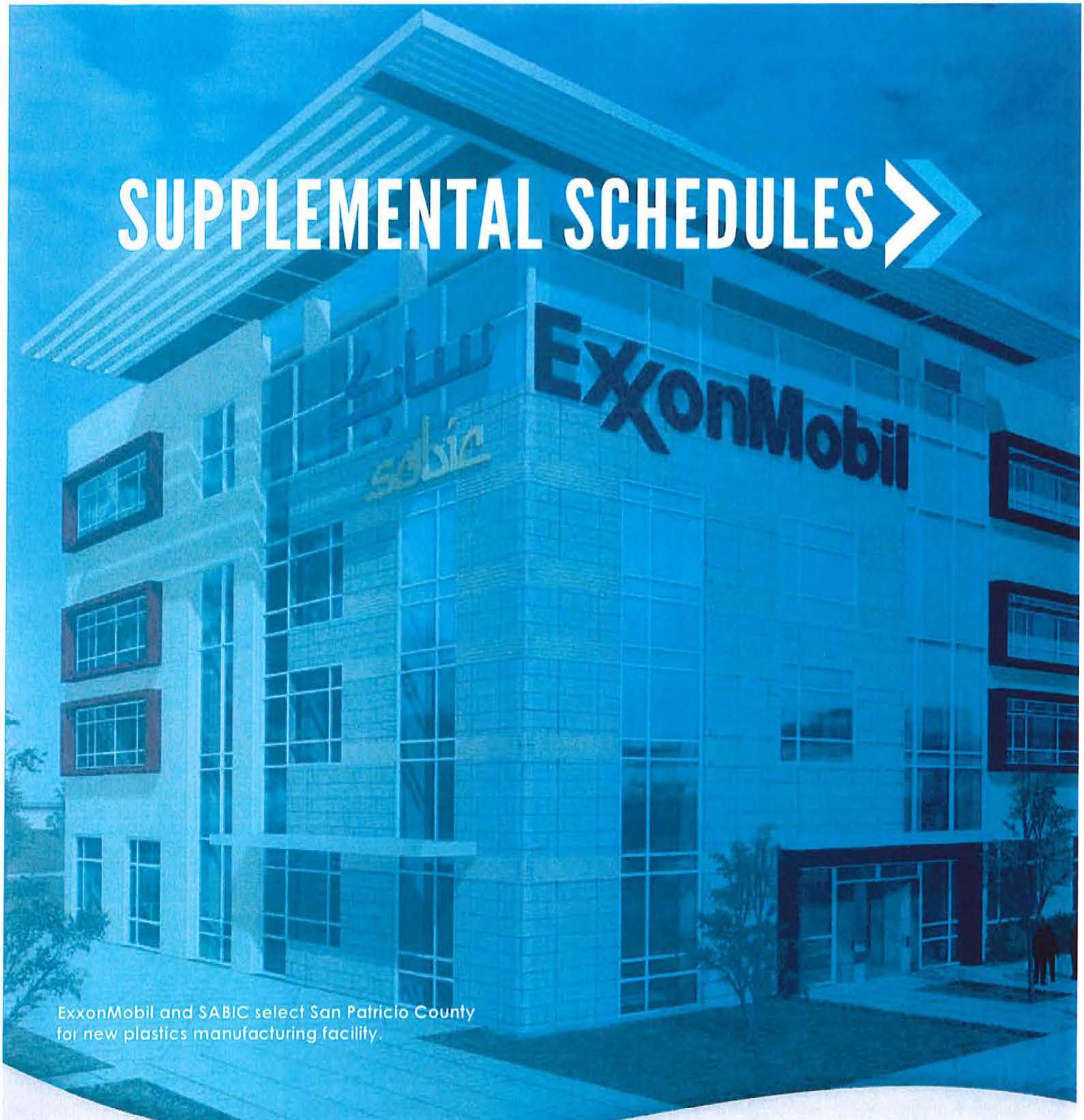
Methods and Assumptions Used to Determine Contribution Rate for 2017:

Actuarial Cost Method	Entry age normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	0.7 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	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 acutarial 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.

OPEB OBLIGATION:

	2015	2016	2017
Actuarial Valuation Date	1/1/2017	1/1/2017	1/1/2017
Actuarial Value of Assets	$ -	$ -	$ -
Actuarial Accrued Liability (AAL)	$ 839,232	$ 931,515	$ 1,488,062
Funded Ratio	0.0%	0.0%	0.0%
Unfunded Actuarial Accrued Liability (UAAL)	$ 839,232	$ 931,515	$ 1,488,062
Annual covered Payroll	$ 13,992,927	$ 14,240,462	$ 15,259,672
UAAL as a Percentage of Covered Payroll	6.0%	6.5%	9.8%

SUPPLEMENTAL SCHEDULES



ExxonMobil and SABIC select San Patricio County for new plastics manufacturing facility.

PORT CORPUS CHRISTI®

Port of Corpus Christi Authority of Nueces County, TX

	Year Ended December 31, 2017		
	Actual	Budget	Variance (%)
OPERATING REVENUES:			
Wharfage	$ 46,948,820	$ 48,728,666	(4)
Dockage	13,548,520	13,147,692	3
Security fees	6,686,343	7,878,254	(15)
Freight handling	3,892,661	3,157,895	23
Rail Charges	2,217,491	2,405,470	(8)
Building and land rentals	14,641,254	12,178,304	20
Conference center services	2,152,659	2,275,119	(5)
FTZ user fees	225,000	264,000	(15)
Dredge placement fees	1,920,638	-	100
Other	2,041,419	1,872,940	9
Insurance proceeds, net of losses (Note 11)	1,033,235	-	100
Total Operating Revenues	95,308,039	91,908,340	4
OPERATING EXPENSES:			
Maintenance and operations	21,066,636	25,892,896	19
General and administrative	23,263,150	23,487,085	1
Depreciation	13,377,640	13,128,071	(2)
Total Operating Expenses	57,707,426	62,508,052	8
Operating Income	37,600,613	29,400,288	28
NON-OPERATING REVENUES (EXPENSES):			
Investment income	2,417,838	1,622,700	49
Federal and other grant assistance	146,950	254,257	(42)
Loss on disposal of assets	(3,590)	-	(100)
Loss on impairment of capital assets (Note 4)	(428,254)	-	(100)
Interest expense and fiscal charges	(3,650,348)	(4,117,573)	(11)
Contributions to Harbor Bridge Project (Note 10)	(1,287,176)	(1,437,500)	(100)
Contributions to other governmental agencies	(4,415,092)	(3,000,000)	(47)
Net Non-Operating Revenues	(7,219,672)	(6,678,116)	(8)
Income Before Capital Grants and Contributions	30,380,941	22,722,172	34
CAPITAL GRANTS AND CONTRIBUTIONS	5,536,616	7,526,725	(26)
Change in Net Position	$ 35,917,557	$ 30,248,897	19

Schedules of Maintenance and Operations and General and Administrative Expenses
For the Years Ended December 31, 2017 and 2016

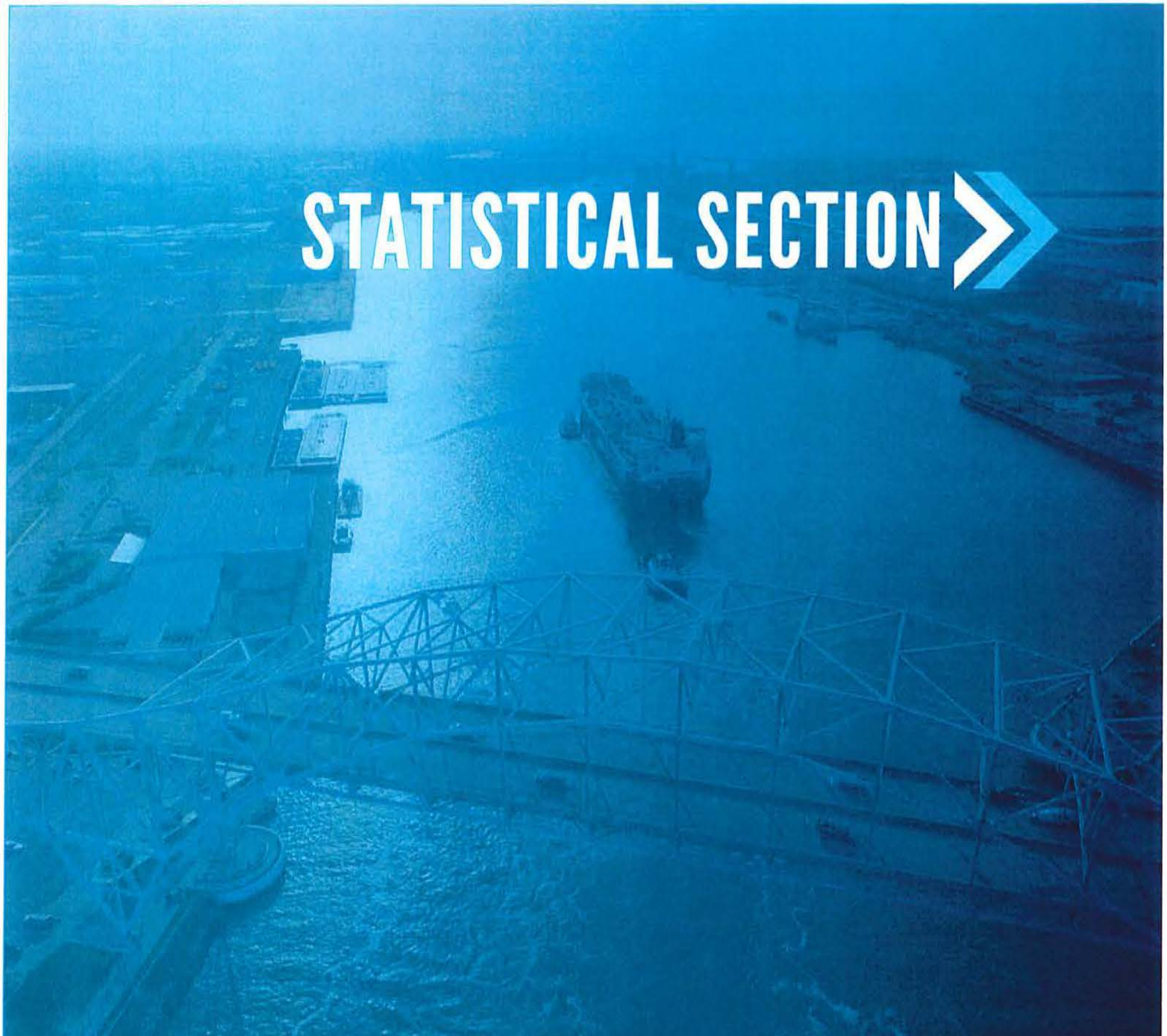
	2017	2016
MAINTENANCE AND OPERATIONS:		
Employee services	$ 9,948,834	$ 9,478,572
Maintenance	3,707,172	4,367,556
Utilities	936,770	980,564
Telephone	88,096	90,885
Insurance & claims	1,336,484	1,520,100
Professional services	914,565	1,160,192
Police expenses	1,736,658	1,552,251
Contracted services	142,769	149,847
Office and equipment rental	126,387	96,681
Operator and event expenses	1,825,207	1,712,280
Safety/Environmental	87,427	84,493
General	216,267	242,219
Total Maintenance and Operations	$ 21,066,636	$ 21,435,640
GENERAL AND ADMINISTRATIVE:		
Employee services	$ 12,891,866	$ 11,446,283
Maintenance	756,368	948,956
Utilities	173,577	162,490
Telephone	99,596	97,984
Insurance & claims	124,462	148,816
Professional services	5,491,998	4,462,954
Police expenses	3,574	2,943
Contracted services	90,680	140,500
Office and equipment rental	158,778	123,574
Administrative	2,865,300	2,578,220
Trade and sales development	174,973	172,765
Media advertising	354,200	327,641
Production	39,581	23,768
Safety/Environmental	29,398	45,881
General	8,799	32,841
Total General and Administrative	$ 23,263,150	$ 20,715,616

Description		Interest Rates	Issue Date	Series Maturity	Original Amount	Balance Outstanding
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					$ 442,400,000	$ 422,500,000

* - Issued by the Industrial Development Corporation (IDC)

PORTCORPUSCHRISTI

STATISTICAL SECTION



Coastal Bend struck by Category 4 Hurricane Harvey.
Corpus Christi Ship Channel closed for six days.
Port Corpus Christi the largest refining center in operation upon opening on August 31, 2017.

PORT CORPUS CHRISTI®

Port of Corpus Christi Authority of Nueces County, TX

Statistical Section
(Unaudited)

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

Contents

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

PORTCORPUSCHRISTI

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Changes in Net Position
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Operating revenues:										
Wharfage	$ 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	$ 46,948,820
Dockage	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	13,548,519
Security fees	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	6,686,343
Freight handling	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	3,892,661
Rail Charges	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491
Building and land rentals	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	14,641,254
Conference center services	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	2,152,659
Warehouse handling charges	1,367,306	596,168	426,093	368,950	-	-	-	-	-	-
FTZ user fees	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000
Dredge placement fees	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638
Other	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,539,138	1,152,244	1,202,624	2,041,419
Insurance proceeds, net of losses	-	-	-	-	-	-	-	-	-	1,033,235
Total operating revenues	51,051,193	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	82,159,445	93,421,855	83,021,962	95,308,039
Investment income	932,447	584,849	478,291	467,494	163,804	283,544	341,754	518,374	1,184,692	2,417,838
Federal and other grant assistance	284,048	17,570	60,806	169,966	337,965	290,727	180,655	227,714	152,412	146,950
Donation of personal property	-	-	225,825	4,500	-	-	-	-	-	-
Gain on disposal of assets	-	7,266	-	3,727,517	-	-	40,596	-	-	-
Total Revenues	52,267,688	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,722,450	94,167,943	84,359,066	97,872,827
Expenses										
Operating expenses:										
Maintenance and operations	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	21,066,636
General and administrative	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	23,263,150
Depreciation	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	13,377,640
Total operating expenses	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	57,707,426
Interest expense and fiscal charges	562,442	504,030	450,602	392,699	(51,908)	16,986	535	2,030,505	2,973,844	3,650,348
Bond issuance costs	28,615	20,735	10,743	-	-	-	-	1,139,597	-	-
Fiscal payments to subrecipients	284,048	-	-	-	128,730	-	-	-	-	-
Contributions to Harbor Bridge Commitment	-	-	-	-	-	-	-	-	1,885,410	1,287,176
Contributions to other government agencies	-	-	-	-	-	-	-	3,000,000	3,000,000	4,415,092
Loss on disposal of assets	308,883	-	8,643	-	9,517,670	102,957	-	5,829,882	67,638	3,590
Loss on impairment of capital assets	-	-	-	-	-	-	-	-	-	428,254
Total Expenses	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	67,491,886
Income (Loss) Before Contributions	6,584,584	722,640	5,221,951	12,703,079	(955,989)	32,375,219	31,152,200	28,405,418	21,140,861	30,380,941
Capital Contributions	2,510,746	2,090,573	111,670,700	5,402,273	5,663,315	5,842,850	8,307,361	7,245,620	12,835,396	5,536,616
Changes in Net Position	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	35,917,557
Total Net Position, Beginning 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
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	-	1,835,648	-	-
Total Net Position, End of Year	$ 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	$ 558,000,386
Net Position at Year End										
Net investment in capital assets	$ 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	384,104,593
Restricted	1,756,683	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709	36,031,915	21,222,100
Unrestricted	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	152,673,693
Total Net Position	$ 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	$ 558,000,386

TABLE 2 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Revenues by Source
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Revenues:										
Wharfage	$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	$46,948,820
Dockage	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	13,548,519
Security fees	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	6,686,343
Freight handling	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	3,892,661
Rail Charges	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491
Building and land rentals	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	14,641,254
Conference center services	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	2,152,659
Warehouse handling charges	1,367,306	596,168	426,093	368,950	-	-	-	-	-	-
FTZ user fees	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000
Dredge placement fees	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638
Other	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,539,138	1,152,244	1,202,624	2,041,419
Insurance proceeds, net of losses	-	-	-	-	-	-	-	-	-	1,033,235
	$51,051,193	$46,425,890	$52,279,852	$58,698,961	$62,432,414	$77,467,953	$82,159,445	$93,421,855	$83,021,962	$95,308,039
Non-Operating Revenues:										
Other:										
Investment income	$ 932,447	$ 584,849	$ 478,291	$ 467,494	$ 163,804	$ 283,544	$ 341,754	$ 518,374	$ 1,184,692	$ 2,417,838
Other	284,048	24,836	286,631	3,901,983	337,965	290,727	221,251	227,714	152,412	146,950
	$ 1,216,495	$ 609,685	$ 764,922	$ 4,369,477	$ 501,769	$ 574,271	$ 563,005	$ 746,088	$ 1,337,104	$ 2,564,788

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Expenses by Type
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Expenses:										
Maintenance and Operation:										
Employee services	$ 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	$ 9,948,834
Maintenance	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	3,707,172
Utilities	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	936,770
Telephone	29,991	26,436	35,286	101,960	94,604	85,538	80,639	78,674	90,885	88,096
Insurance & claims	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	1,336,484
Professional services	424,975	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991	1,160,192	914,565
Police expenses	74,106	55,218	66,434	14,233	24,006	14,435	16,461	31,320	1,552,251	1,736,658
Contracted services	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	142,769
Office and equipment rental	91,004	97,627	73,983	142,778	65,037	55,691	79,023	109,355	96,681	126,387
Operator and event expenses	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	1,825,207
Warehouse supplies	68,428	44,700	9,037	8,024	-	-	-	-	-	-
Safety/Environmental	90,947	71,246	69,075	83,442	77,086	98,478	107,859	70,797	84,493	87,427
General	93,105	196,113	129,909	185,198	175,307	220,554	494,274	876,438	242,219	216,267
	$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	$21,066,636
General and Administrative:										
Employee services	$ 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	$12,891,866
Maintenance	320,610	432,088	453,408	501,087	509,303	530,688	648,221	759,004	948,956	756,368
Utilities	196,865	224,245	172,703	194,864	171,122	149,405	159,148	160,630	162,490	173,577
Telephone	231,958	209,267	196,626	115,447	100,921	73,896	83,776	91,439	97,984	99,596
Insurance & claims	84,451	96,638	124,620	92,492	97,774	429,990	99,451	109,887	148,816	124,462
Professional services	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	5,491,998
Police expenses	314	174	82	82	-	190	1,616	1,227	2,943	3,574
Contracted services	88,262	64,213	151,445	100,952	59,756	23,431	26,167	49,477	140,500	90,680
Office and equipment rental	18,264	40,406	59,809	65,104	76,941	92,118	86,761	99,176	123,574	158,778
Administrative	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	2,865,300
Trade and sales development	148,946	204,427	157,237	184,528	188,894	200,500	209,900	165,955	172,765	174,973
Media advertising	109,262	108,425	206,557	195,766	190,661	225,363	232,608	311,184	327,641	354,200
Production	27,917	48,319	25,678	24,222	21,774	33,424	41,061	74,566	23,768	39,581
Safety/Environmental	38,206	22,681	21,544	23,299	23,651	26,732	28,007	43,037	45,881	29,398
General	100,319	25,185	42,294	25,752	8,965	185,250	92,943	23,172	32,841	8,799
	$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	$23,263,150
Depreciation	$ 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	13,377,640
Non-Operating Expenses:										
Other:										
Interest	$ 591,057	$ 504,030	$ 450,602	$ 392,699	$ (51,908)	$ 16,986	$ 535	$ 2,030,505	$ 2,973,844	$3,650,348
Other	592,931	20,735	19,386	-	9,646,400	102,957	-	9,969,479	4,953,048	6,134,112
	$ 1,183,988	$ 524,765	$ 469,988	$ 392,699	$ 9,594,492	$ 119,943	$ 535	$11,999,984	$ 7,926,892	$ 9,784,460

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Financial Performance Indicators
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Revenues (OR)	$ 51,051,193	$ 46,425,890	$ 52,279,852	$ 58,698,961	$ 62,432,414	$ 77,467,953	$ 82,159,445	$ 93,421,855	$ 83,021,962	$ 95,308,039
Operating Expenses (OE) *	(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)	(44,329,786)
Net Operating Income (NOI)	16,200,716	10,698,365	17,092,131	22,107,863	21,875,305	43,945,872	42,900,287	52,481,967	40,870,706	50,978,253
Non-Operating Revenues	1,216,495	609,685	764,922	4,369,477	501,769	574,271	563,005	746,088	1,337,104	2,564,788
Non-Operating Expenses	(1,183,988)	(524,765)	(469,988)	(392,699)	(9,594,492)	(119,943)	(535)	(11,999,984)	(7,926,892)	(9,784,460)
Net Income "A" (NI"A")	16,233,223	10,783,285	17,387,065	26,084,641	12,782,582	44,400,200	43,462,757	41,228,071	34,280,918	43,758,581
Depreciation	(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)	(13,377,640)
Net Income (Loss) "B" (NI"B")	$ 6,584,584	$ 722,640	$ 5,221,951	$ 12,703,079	$ (955,989)	$ 32,375,219	$ 31,152,200	$ 28,405,418	$ 21,140,861	$ 30,380,941
Net Capital Assets (NCA) **	$ 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	$ 321,263,212
Total Assets (TA)	$ 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	$ 724,780,324
Operating Indicators:										
Operating ROI (NOI/NCA)	7.41%	4.95%	5.51%	7.18%	10.66%	18.55%	17.74%	17.62%	13.79%	15.87%
Operating Margin (NOI/OR)	31.73%	23.04%	32.69%	37.66%	35.04%	56.73%	52.22%	56.18%	49.23%	53.49%
Operating Ratio (OE/OR)	68.27%	76.96%	67.31%	62.34%	64.96%	43.27%	47.78%	43.82%	50.77%	46.51%
Other ROI Indicators:										
ROI "A" (NI"A"/TA)	6.17%	4.06%	4.54%	6.52%	3.20%	10.20%	8.96%	6.60%	5.06%	6.04%
ROI "B" (NI"B"/TA)	2.50%	0.27%	1.36%	3.18%	-0.24%	7.44%	6.42%	4.54%	3.12%	4.19%

* - Excludes Depreciation
** - Excludes Construction in Progress

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

Commodity By Port Division - *Short tons*	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Inner Harbor										
Break Bulk	256,612	133,037	157,781	122,055	214,010	62,310	133,938	238,695	248,471	389,264
Grain	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	5,162,711
Chemical	68,760	43,982	37,814	58,377	58,066	41,198	99,979	135,841	105,512	99,706
Dry Bulk	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	2,798,319
Liquid Bulk	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901
Petroleum	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	70,887,595
Total	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	79,866,496
La Quinta										
Break Bulk	-	-	1,369	-	-	3,551	105,282	111,346	85,069	163,313
Chemical	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	2,258,959
Dry Bulk	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	4,311,854
Petroleum	26,607	18,766	22,404	41,750	25,319	14,228	23,906	17,370	23,548	34,454
Total	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	6,768,580
Harbor Island										
Break Bulk	2	-	-	-	-	-	-	-	-	-
Petroleum	-	-	-	-	-	-	-	-	-	-
Total	2	-	-	-	-	-	-	-	-	-
Ingleside										
Break Bulk	277,147	178,826	169,609	175,551	175,287	263,119	31,458	58,348	12,271	2,020
Dry Bulk	-	-	7,012	4,615	10,742	829	5,274	2,804	345	4,383
Petroleum	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	15,749,245
Total	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	15,755,648
Rincon Point										
Break Bulk	18,829	6,130	10,500	9,025	1,669	-	-	-	-	1,124
Grain	14,040	-	12,503	31,726	15,312	11,235	1,600	-	-	-
Dry Bulk	-	1,734	12,291	48,647	25,790	5,835	-	-	-	-
Total	32,869	7,864	35,294	89,398	42,771	17,070	1,600	-	-	1,124
Total	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	102,391,848
Commodity Totals - *Short tons*										
Break Bulk	552,590	317,993	339,259	306,631	390,966	328,980	270,678	408,389	345,811	555,721
Grain	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	5,162,711
Chemical	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	2,358,665
Dry Bulk	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	7,114,556
Liquid Bulk	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901
Petroleum	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	86,671,294
Total	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	102,391,848

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

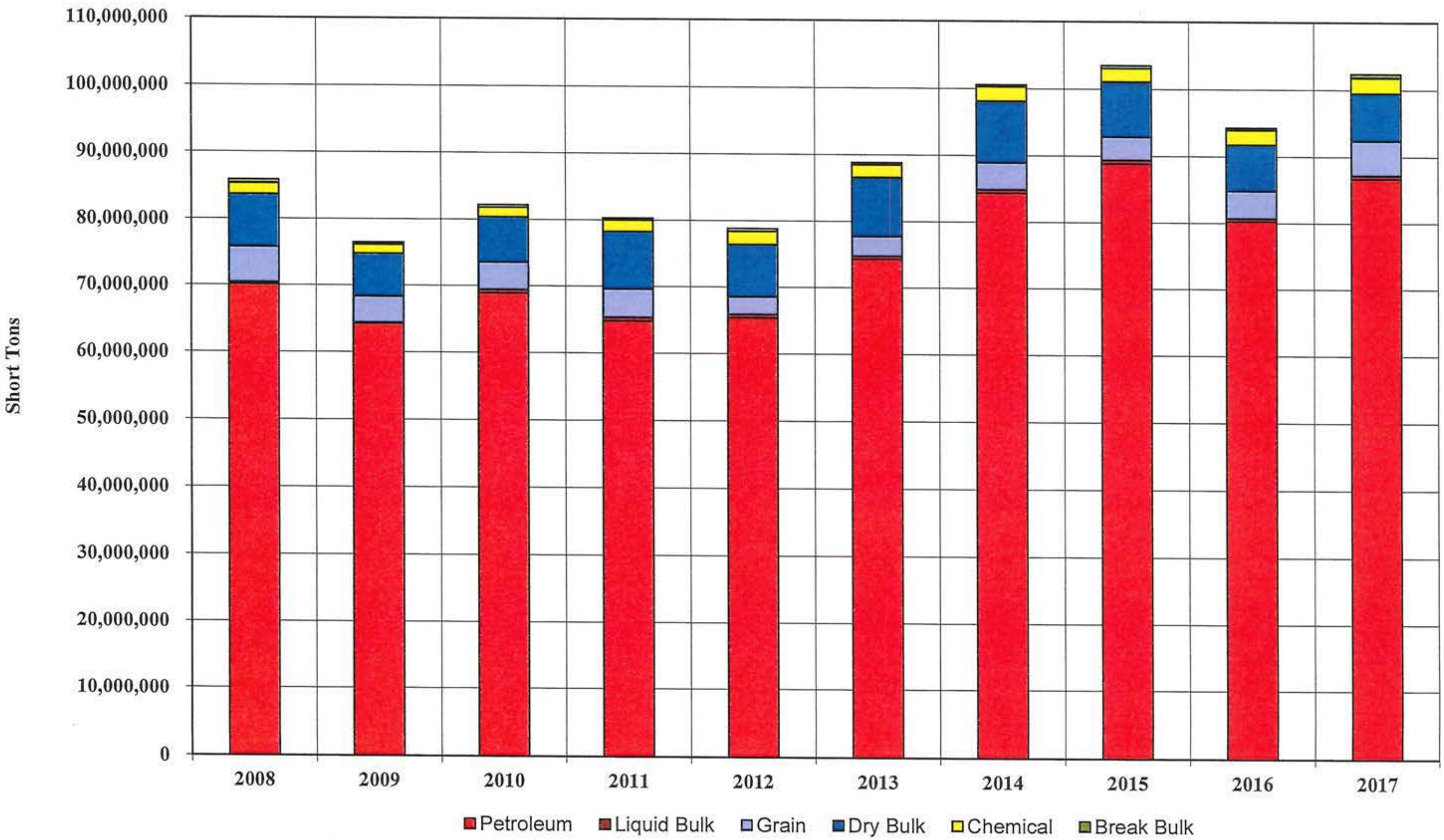


TABLE 6 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Inner Harbor										
Ships										
Dry Cargo	452	250	267	280	226	224	223	283	293	280
Tankers	744	746	783	780	760	873	986	1,143	1,039	1,110
Barges	4,117	3,700	4,168	3,878	4,580	5,087	6,475	5,479	4,478	4,153
Total Vessels	5,313	4,696	5,218	4,938	5,566	6,184	7,684	6,905	5,810	5,543
La Quinta Harbor										
Ships										
Dry Cargo	150	123	124	117	114	125	130	104	88	102
Tankers	61	62	69	101	116	114	130	124	140	167
Barges	107	80	124	90	59	88	101	118	80	346
Total Vessels	318	265	317	308	289	327	361	346	308	615
Harbor Island										
Ships										
Dry Cargo	227	-	-	-	-	-	-	-	-	-
Tankers	-	-	-	-	-	5	-	-	-	-
Barges	-	-	-	1	-	2	-	-	-	-
Total Vessels	227	-	-	1	-	7	-	-	-	-
Ingleside Harbor										
Ships										
Dry Cargo	24	24	59	42	37	29	60	31	35	12
Tankers	93	107	105	75	65	94	70	89	89	169
Barges	58	67	67	51	123	225	353	190	124	142
Total Vessels	175	198	231	168	225	348	483	310	248	323
Rincon Point										
Barges	8	2	3	2	2	6	-	-	-	1
Total Vessels	8	2	3	2	2	6	-	-	-	1
Total										
Ships										
Dry Cargo	853	397	450	439	377	378	413	418	416	394
Tankers	898	915	957	956	941	1,086	1,186	1,356	1,268	1,446
Barges	4,290	3,849	4,362	4,022	4,764	5,408	6,929	5,787	4,682	4,642
Total Vessels	6,041	5,161	5,769	5,417	6,082	6,872	8,528	7,561	6,366	6,482

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

**Vessel Traffic
Last Ten Years**

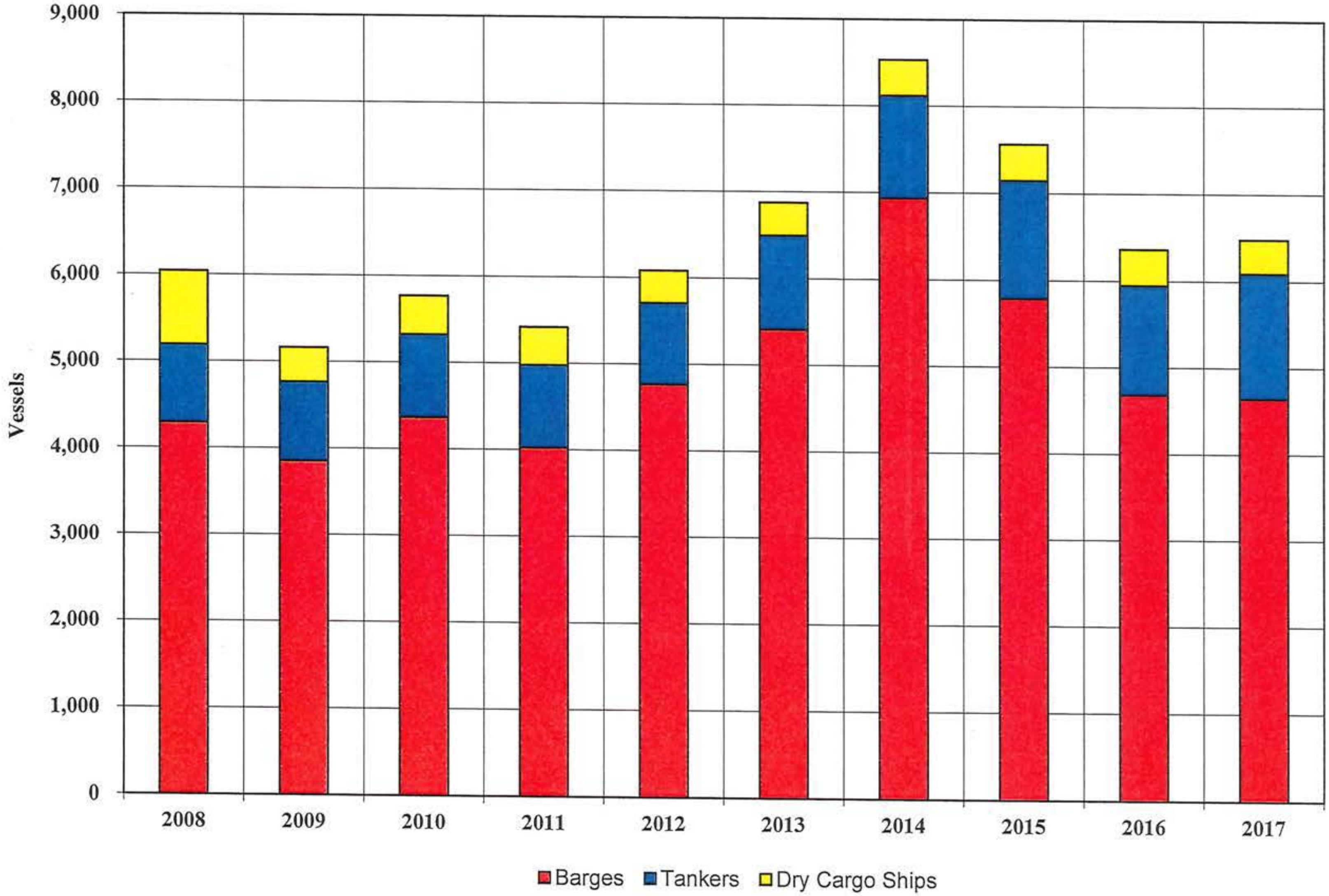


TABLE 7 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Tariff Rates
Last Ten Years

	U/M	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Wharfage Rates											
All Cargo NOS	W/M	$2.7500	$2.8600	$2.8500	$2.8900	$3.0400	$3.1000	$3.2200	$3.3100	$3.3900	$3.4500
Dry Bulk	S/T	$0.6000	$0.6200	$0.9000	$1.0500	$1.2500	$1.2800	$1.3300	$1.3700	$1.4000	$1.4300
Liquid Bulk	BRL	$0.0800	$0.0831	$0.0828	$0.0839	$0.0883	$0.0901	$0.0937	$0.0965	$0.0987	$0.1005
Beans, Lentils & Peas	S/T	$0.5500	$0.5700	$0.5700	$0.5800	$0.6100	$0.6200	$0.6400	$0.6600	$0.6700	$0.6900
Cotton	Bale	$0.4800	$0.5000	$0.5000	$0.5100	$0.5400	$0.5500	$0.5700	$0.5900	$0.6000	$0.6100
Grain and Grain Products	S/T	$0.7000	$1.3000	$1.2900	$1.3100	$1.3800	$1.4100	$1.4700	$1.5100	$1.5500	$1.5700
Grain and Grain Products (bulk)	S/T	$0.2500	$0.2600	$0.2600	$0.2600	$0.2700	$0.2800	$0.2900	$0.3000	$0.3100	$0.3200
Iron and Steel Articles	S/T	$1.8000	$1.8700	$1.8600	$1.8800	$1.9800	$2.0200	$2.1000	$2.1600	$2.2100	$2.2500
Machinery, agricultural	S/T	$2.7500	$2.8600	$2.8500	$2.8900	$3.0400	$3.1000	$3.2200	$3.3310	$3.3900	$3.4500
Machinery, grading, earth moving	S/T	$2.7500	$2.8600	$2.8500	$2.8900	$3.0400	$3.1000	$3.2200	$3.3100	$3.3900	$3.4500
Military Cargo	S/T	$2.3000	$5.3800	$5.3600	$5.4300	$5.7200	$5.8400	$6.0700	$6.2500	$6.3900	$6.5200
Milk, dehydrated	S/T	$0.7000	$1.5200	$1.5100	$1.5300	$1.6100	$1.6400	$1.7100	$1.7600	$1.8000	$1.8300
Passengers	Person	$5.0000	$5.0000	$4.9800	$5.0500	$5.5300	$5.6400	$5.8600	$6.0300	$6.1700	$6.2800
Power Generation/Plant Equipment	S/T	$2.7500	$2.8500	$2.8400	$2.8800	$3.0300	$3.1000	$3.2200	$3.3100	$3.3900	$3.4500
Refrigerated Cargo	S/T	$1.3000	$1.3000	$1.2900	$1.3100	$1.3800	$1.4100	$1.4700	$1.5100	-	-
Rice and Rice Products	S/T	$0.7000	$1.3000	$1.2900	$1.3100	$1.3800	$1.4100	$1.4700	$1.5100	$1.5500	$1.6900
Sand, aggregates, caliche, limestone	S/T	$0.6000	$0.6200	$0.9000	$1.0500	$1.2500	$1.2800	$1.3300	$1.3700	$1.4000	$1.4300
Vegetable oil	S/T	$1.2000	$1.2500	$1.2500	$1.2700	$1.3400	$1.3700	$1.4200	$1.4600	$1.5000	$1.5200
Vehicles	S/T	$4.7500	$4.9400	$4.9200	$4.9800	$5.2400	$5.3500	$5.5600	$5.7200	$5.8500	$5.9600
Vessels, pressure	S/T	$3.4000	$3.5300	$3.5200	$3.5700	$3.7600	$3.8400	$3.9900	$4.1100	$4.2000	$4.2800
Dockage Rates											
General Cargo											
Vessels		Dry/Liquid									
0-199	Feet	$2.28 / $1.62	$2.37	$2.36	$2.39	$2.52	$2.57	$2.67	$2.75	$2.81	$2.86
200-399	Feet	$2.99 / $2.10	$3.11	$3.10	$3.14	$3.31	$3.38	$3.51	$3.61	$3.70	$3.75
400-499	Feet	$4.23 / $2.88	$4.40	$4.38	$4.44	$4.67	$4.76	$4.95	$5.10	$5.21	$5.31
500-599	Feet	$5.69 /$3.85	$5.91	$5.89	$5.97	$6.28	$6.41	$6.66	$6.86	$7.01	$7.15
600-699	Feet	$6.51 / $4.47	$6.77	$6.74	$6.83	$7.19	$7.34	$7.63	$7.85	$8.03	$8.17
700-799	Feet	$8.39 / $5.67	$8.72	$8.69	$8.80	$9.26	$9.45	$9.83	$10.12	$10.35	$10.52
800-899	Feet	$10.10 / $6.83	$10.50	$10.46	$10.60	$11.16	$11.39	$11.84	$12.19	$12.47	$12.69
900 +	Feet	$12.08 / $8.17	$12.55	$12.50	$12.66	$13.33	$13.60	$14.14	$14.56	$14.89	$15.16
Barges - Inland Waterway	Feet	$90.00 Flat	$95.00 Flat	$125.00	$126.64	$133.30	$136.01	$150.00	$154.41	$157.93	$157.93
Bulk Terminal	GRT	$0.49	$0.51	$0.41	$0.42	$0.44	$0.45	$0.47	$0.48	$0.49	$0.50
Liquid Bulk											
Vessels	DWT	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	See Dry/Liquid
Barges											
0-200 Feet	Barge	$90.00	$95.00	$125.00	$126.64	$133.30	$136.01	$150.00	$154.41	$157.93	$160.77
201-361 Feet	Barge	$90.00	$95.00	$125.00	$126.64	$133.30	$136.01	$225.00	$231.62	$236.90	$241.16
360 +	Barge	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	See Dry/Liquid
Harbor Safety Fee [2]											
Ships	Ship	$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	$1,153.00
Barges	Barge	$35.00	$35.00	$230.00	$230.00	$230.00	$230.00	$132.00	$132.00	$132.00	$132.00
Security Surcharge Fee [1]		12.0%	10.0%	10.0%	7.5%	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

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Ten Largest Customers December 31, 2017 and 2008

WHARFAGE and DOCKAGE REVENUE:

Customer	2017 Wharfage and Dockage Revenue	2017 Rank	2017 %	2008 Wharfage and Dockage Revenue	2008 Rank	2008 %
Valero	$ 9,413,428	1	15.56%	$ 8,183,270	1	23.10%
Citgo	7,538,719	2	12.46%	7,013,773	2	19.80%
Flint Hills	5,141,218	3	8.50%	5,790,398	3	16.34%
Nu Star Logistics	4,083,676	4	6.75%	2,491,246	4	7.03%
Oxy Energy Center LLC	3,848,655	5	6.36%	-		
Buckeye Texas Hub LLC	3,837,698	6	6.34%	-		
Max Shipping, Inc.	3,086,056	7	5.10%	-		
voestalpine	2,950,953	8	4.88%	-		
Biehl & Company	1,438,637	9	2.38%	682,106	7	1.93%
Dix-Fairway Terminals	1,007,410	10	1.67%	388,364	10	1.10%
Equistar	-			1,089,242	5	3.07%
Valls Shipping Co.	-			834,214	6	2.35%
Sanco Co.	-			660,324	8	1.86%
GE Energy Logistics	-			551,839	9	1.56%
Subtotal (10 largest)	42,346,450		70.00%	27,684,776		78.14%
Other	18,150,890		30.00%	7,745,415		21.86%
Total	**$ 60,497,339**		**100.00%**	**$ 35,430,191**		**100.00%**

TONNAGE:

Customer	2017 Tonnage	2017 Rank	2017 %	2008 Tonnage	2008 Rank	2008 %
Citgo	23,719,872	1	23.17%	24,669,706	1	28.30%
Valero	22,117,259	2	21.60%	21,624,215	2	24.81%
Oxy Energy Center LLC	10,930,281	3	10.67%	-		
Flint Hills	10,820,509	4	10.57%	18,107,010	3	20.77%
Buckeye Texas Hub LLC	10,238,458	5	10.00%	-		
Nu Star Logistics	6,377,827	6	6.23%	3,827,343	5	4.39%
voestalpine	4,178,169	7	4.08%	-		
ADM/Gromark River System, Inc.	3,357,276	8	3.28%	3,876,266	7	4.45%
Occidental Chemical Corp.	2,253,093	9	2.20%	1,561,258	8	1.79%
Interstate Grain Port Terminal	1,805,435	10	1.76%	1,517,946	9	1.74%
Sherwin Alumina Company LP	-		0.00%	5,572,667	4	6.39%
Equistar	-			1,405,221	6	1.61%
Dix-Fairway Terminals	-			640,096	10	0.73%
Subtotal (10 largest)	95,798,178		93.56%	82,801,728		94.99%
Other	6,593,670		6.44%	4,366,080		5.01%
Total	**102,391,848**		**100.00%**	**87,167,808**		**100.00%**

TABLE 9 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Ratios of Outstanding Debt
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue Bonds	$ 10,885,000	$ 9,725,000	$ 8,515,000	$ 7,250,000	$ -	$ -	$ -	$ 115,000,000	$ 110,640,000	$ 106,245,000
Capital Leases	46,215	27,384	10,285	521	-	-	-	-	-	-
Total Outstanding Debt	$ 10,931,215	$ 9,752,384	$ 8,525,285	$ 7,250,521	$ -	$ -	$ -	$ 115,000,000	$ 110,640,000	$ 106,245,000
Per Capita	$305	$290	$240	$190	$ -	$ -	$ -	$ 2,756	$ 2,542	$ 2,579
Percent of Personal Income	0.07%	0.07%	0.06%	0.04%	-	-	-	0.6%	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.

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	Coverage
2008	52,267,688	34,850,477	17,417,211	1,360,625	310,516	1,671,141	10.42
2009	47,035,575	35,727,525	11,308,050	1,389,286	282,198	1,671,484	6.77
2010	53,044,774	35,187,721	17,857,053	1,419,167	252,450	1,671,617	10.68
2011	63,068,438	36,591,098	26,477,340	1,450,000	221,259	1,671,259	15.84
2012	62,934,183	40,557,109	22,377,074	-	-	-	-
2013	78,042,224	33,522,081	44,520,143	-	-	-	-
2014	82,722,450	39,259,158	43,463,292	-	-	-	-
2015	94,167,943	43,942,020	50,225,923	5,750,000	2,750,323	8,500,323	5.91
2016	84,359,066	47,050,348	37,308,718	5,823,158	2,677,185	8,500,343	4.39
2017	97,872,827	50,053,188	47,819,639	5,902,500	2,597,822	8,500,322	5.63

(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

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Demographic and Economic Statistics
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015(E)	2016	2017(F)
Population (1)	423,168	427,262	428,026	431,051	437,012	443,448	448,108	449,323	454,726	457,971
Personal Income-(in thousands) (1)	$ 15,177,801	$ 14,391,053	$ 15,230,833	$ 16,434,306	$ 17,206,720	$ 17,641,544	$ 18,663,416	$ 18,751,213	$ 18,667,268	$ 18,870,147
Per Capita Personal Income (1)	$ 35,867	$ 33,682	$ 35,584	$ 38,126	$ 39,374	$ 39,783	$ 41,649	$ 41,732	$ 41,052	$ 41,204
Unemployment rate (2)	4.70%	6.90%	8.10%	8.00%	6.50%	6.00%	5.05%	4.95%	5.74%	5.89%

Source:
(1) Bureau of Economic Analysis (updated November 17, 2016-- new estimates for 2015; revised estimates for 1998-2014.) for the Corpus Christi, TX Metropolitan Statistical Area consisting of Aransas, Nueces and San Patricio counties
(2) Bureau of Labor Statistics

(E) Estimate of 2015 population from the Texas Department of State Health Services
(F) Estimate of 2017 population from the Texas Department of State Health Services

Unemployment % 2017 (2)	
Jan	6.80%
Feb	6.80%
Mar	6.60%
Apr	6.10%
May	5.70%
Jun	5.90%
Jul	5.50%
Aug	5.80%
Sep	5.90%
Oct	5.10%
Nov	5.30%
Dec	5.20%
Avg	5.89%

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Principal Employers December 31, 2017 and 2008

	2017			2008		
Employer	Number of Employees	Rank	Percent of Total MSA Employment	Number of Employees	Rank	Percent of Total MSA Employment
Corpus Chirsti ISD	5,944	1	3.05%	4,776	2	2.51%
Corpus Christi Naval Air Station	4,500	2	2.31%	1,630	9	0.86%
H.E.B.	3,840	3	1.97%	2,539	5	1.33%
CHRISTUS Spohn Heath Systems	3,400	4	1.74%	4,260	3	2.24%
Corpus Christi Army Depot	3,400	5	1.74%	4,876	1	2.56%
City of Corpus Christi	3,202	6	1.64%	3,434	4	1.80%
Driscoll Chidren's Hospital	2,136	7	1.10%	1,705	8	0.90%
Corpus Christi Medical Center	1,885	8	0.97%	1,347	10	0.71%
Keiwit Offshore Service	1,750	9	0.90%			0.00%
Bay, Ltd	1,700	10	0.87%	2,500	6	1.31%
Texas A&M Corpus Christi				1,994	7	1.05%
Total	31,757		16.29%	29,061		15.27%

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

Corpus Christi, Texas MSA Employment provided by http://www.deptofnumbers.com

TABLE 13 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Employees by Function
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operations:										
Cold Storage Facility	9	-	-	-	-	-	-	-	-	-
Bulk Terminal Facility	17	17	14	17	18	22	23	22	21	22
Harbormaster's Office	10	10	9	9	9	9	8	9	10	10
Lift Bridge	-	-	-	-	-	-	-	-	-	-
Maintenance	43	48	46	45	45	38	40	43	44	45
Police Department	44	49	51	46	44	43	48	48	48	49
	123	124	120	117	116	112	119	122	123	126
Administration:										
Executive Director	5	4	6	2	2	2	3	2	3	3
Chief Operating Officer	-	-	-	-	2	2	2	2	2	2
Deputy Port Director	3	4	4	4	2	-	-	-	-	-
Chief Commercial Officer	-	-	-	-	-	-	-	2	2	2
Government Affairs	1	1	1	1	1	1	1	1	1	1
Human Resources	5	5	5	5	5	5	5	6	6	6
Business Development	5	7	3	3	3	4	4	5	5	5
Communications	-	-	2	3	3	3	4	4	4	3
Community Relations	-	-	-	-	-	-	-	3	2	2
Property & Industrial Development	1	1	1	3	3	3	3	3	4	4
Finance and Administration	2	2	2	2	2	2	2	2	1	3
Accounting	9	9	7	8	8	10	9	10	10	12
Procurement	-	-	-	-	-	-	-	-	3	3
Risk Management	-	-	-	-	-	-	-	2	2	2
Safety Management	-	-	-	-	-	-	1	2	2	2
Emergency Management	-	-	-	-	-	-	-	-	1	1
Information Technology	9	7	7	6	7	6	8	13	13	12
Engineering	8	10	9	8	8	10	13	16	20	20
Environmental Planning & Compliance	2	4	3	4	4	4	6	5	4	5
Operations	5	7	4	4	4	5	4	4	1	4
	55	61	54	53	54	57	65	82	86	92
	178	185	174	170	170	169	184	204	209	218

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Capital Asset Statistics
Last Five Years

	2013	2014	2015	2016	2017
Harbor divisions	6	6	6	6	6
Turning basins	5	7	7	7	7
Corpus Christi Ship Channel (miles)	35	37	37	37	37
Authorized channel draft (feet)	45	45	45	45	45
General cargo docks	7	6	7	7	7
Covered docks	3	3	3	3	3
Open docks	2	2	4	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	12	13	13	13	13
Ship	6	7	7	7	7
Barge	6	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	2
Intermodal terminal	1	1	1	1	1
Open storage (acres)	30	35	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	285	285	285	285	285
Barge canals	2	2	2	2	2
Land					
Submerged (acres)	17,770	17,770	18,062	18,062	18,062
Emerged (acres)	7,286	7,296	7,301	7,383	7,384
Dredge Placement Areas	4,974	4,974	4,974	4,974	4,974
Open storage/development (acres)	2,312	2,322	2,327	2,409	2,410
Railroads					
Railway (miles)	43	45	48	48	48
Security Command Center	1	1	1	1	1

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) Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As a Percentage of 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%
2016	49,403,922	50,151,839	98.5%	747,917	15,259,672	4.9%

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Schedule of Insurance in Force December 31, 2017

Details of Coverage	Policy Period	Deductible	Liability Limits
All Risk Property	04/01/18-19	$4,000,000/$100,000	$ 100,000,000
Federal Flood Insurance	Varies	1,250	Varies
Boiler and Machinery	04/01/18-19	5,000	23,575,270
Business Auto Liability	10/01/17-18	5,000/10,000	1,000,000
Foreign Liability-Travel Accident & Sickness	01/11/17-20	-	Varies
Firebarge Hull & Machinery	10/01/17-18	25,000	3,543,750
29' Safeboat Hull & Machinery 31' Safeboat Hull & Machinery Other Boats & Motors	10/01/17-18	25,000	161,053 354,375 2,041,848
General Liability/Marine	10/01/17-18	50,000	20,000,000
Cyber Liability	06/01/17-18	25,000	3,000,000
Errors and Omissions Liability	10/01/17-18	10,000	5,000,000/10,000,000
Law Enforcement Liability	10/01/17-18	10,000	5,000,000/10,000,000
Employee Fidelity (Crime) Bond	10/01/17-18	25,000	1,000,000
Public Officials Bonds (8)	Varies	-	5,000
Workers' Compensation	01/01/17-20	-	Statutory/1,000,000
Terrorism	04/01/17-18	10,000	100,000,000
Foreign Liability-Kidnap & Ransom	10/01/17-18	-	5,000,000/10,000,000
Mobile Equipment	10/01/17-18	1,000	2,004,427

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Miscellaneous Statistical Data
December 31, 2017

Date of Incorporation:	1922
Form of Government:	A public corporation and political subdivision of the State of Texas
Number of Employees:	218
Geographic Location:	Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border
Area:	7,384 - 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	+ 0.36 Mean Lower Low Water (MLLW)
Tidal Range:	
Inner Harbor	Insignificant
Aransas Pass	1.5 feet
Aerial Clearance:	
Harbor Bridge	138 feet (42.10 M)
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, 2017

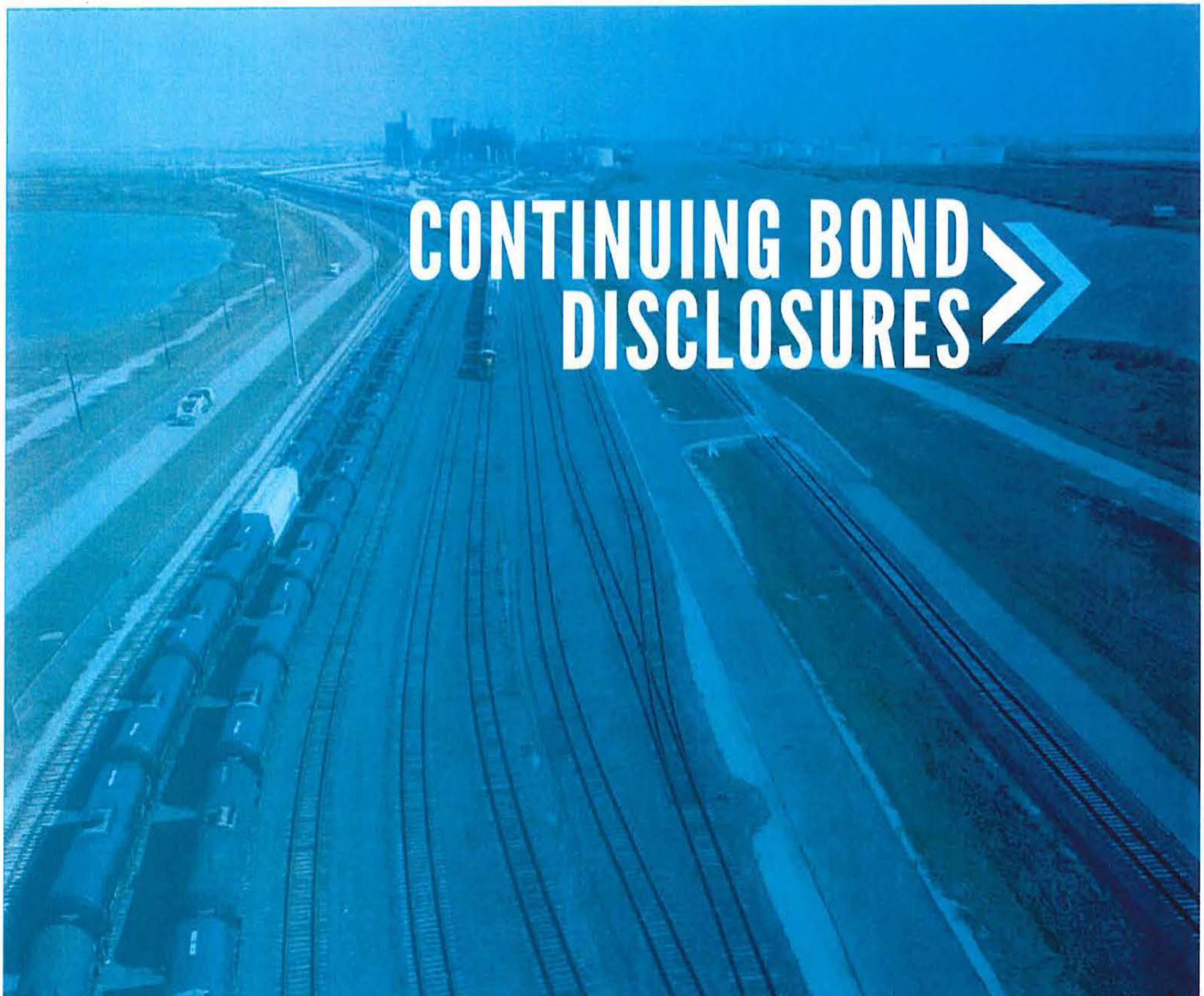
Public Docks:

Bulk liquid	13 - Main Harbor
Dry cargo	6 - Main Harbor
Dry cargo	1 - Rincon
Bulk materials	2 - Main Harbor
	22

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
	- Buckeye	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
	- Subsea 7	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 Site	2 - La Quinta
		51

CONTINUING BOND DISCLOSURES



Nueces River Rail Yard completed, providing vast staging of multiple full unit trains on the Port's Inner Harbor.

PORT CORPUS CHRISTI®

Port of Corpus Christi Authority of Nueces County, TX

TABLE 18 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

Table 1:

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Commodity By Port Division - *Short tons*										
Inner Harbor										
Break Bulk	256,612	133,037	157,781	122,055	214,010	62,310	133,938	238,695	248,471	389,264
Grain	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	5,162,711
Chemical	68,760	43,982	37,814	58,377	58,066	41,198	99,979	135,841	105,512	99,706
Dry Bulk	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	2,798,319
Liquid Bulk	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901
Petroleum	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	70,887,595
Total	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	79,866,496
La Quinta										
Break Bulk	-	-	1,369	-	-	3,551	105,282	111,346	85,069	163,312
Chemical	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	2,258,959
Dry Bulk	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	4,311,854
Petroleum	26,607	18,766	22,404	41,750	25,319	14,228	23,906	17,370	23,548	34,454
Total	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	6,768,579
Harbor Island										
Break Bulk	2	-	-	-	-	-	-	-	-	-
Petroleum	-	-	-	-	-	-	-	-	-	-
Total	2	-	-	-	-	-	-	-	-	-
Ingleside										
Break Bulk	277,147	178,826	169,609	175,551	175,287	263,119	31,458	58,348	12,271	2,019
Dry Bulk	-	-	7,012	4,615	10,742	829	5,274	2,804	345	4,383
Petroleum	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	15,749,245
Total	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	15,755,647
Rincon Point										
Break Bulk	18,829	6,130	10,500	9,025	1,669	-	-	-	-	1,124
Grain	14,040	-	12,503	31,726	15,312	11,235	1,600	-	-	-
Dry Bulk	-	1,734	12,291	48,647	25,790	5,835	-	-	-	-
Total	32,869	7,864	35,294	89,398	42,771	17,070	1,600	-	-	1,124
Total	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	102,391,846
Commodity Totals - *Short tons*										
Break Bulk	552,590	317,993	339,259	306,631	390,966	328,980	270,678	408,389	345,811	555,721
Grain	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	5,162,711
Chemical	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	2,358,665
Dry Bulk	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	7,114,556
Liquid Bulk	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901
Petroleum	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	86,671,294
Total	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	102,391,848

TABLE 19 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Revenues by Source
Last Ten Years

Table 2:

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Revenues:										
Wharfage	$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	$46,948,820
Dockage	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	13,548,519
Security fees	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	6,686,343
Freight handling	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	3,892,661
Rail Charges	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491
Building and land rentals	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	14,641,254
Conference center services	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	2,152,659
Warehouse handling charges	1,367,306	596,168	426,093	368,950	-	-	-	-	-	-
FTZ user fees	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000
Dredge placement fees	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638
Other	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,539,138	1,152,244	1,202,624	2,041,419
Insurance proceeds, net of losses	-	-	-	-	-	-	-	-	-	1,033,235
	$51,051,193	$46,425,890	$52,279,852	$58,698,961	$62,432,414	$77,467,953	$82,159,445	$93,421,855	$83,021,962	$95,308,039
Non-Operating Revenues:										
Other:										
Investment income	$ 932,447	$ 584,849	$ 478,291	$ 467,494	$ 163,804	$ 283,544	$ 341,754	$ 518,374	$ 1,184,692	$ 2,417,838
Other	284,048	24,836	286,631	3,901,983	337,965	290,727	221,251	227,714	152,412	146,950
	$ 1,216,495	$ 609,685	$ 764,922	$ 4,369,477	$ 501,769	$ 574,271	$ 563,005	$ 746,088	$ 1,337,104	$ 2,564,788

TABLE 20 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Expenses by Type
Last Ten Years

Table 3:

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Expenses:										
Maintenance and Operation:										
Employee services	$ 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	$ 9,948,834
Maintenance	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	3,707,172
Utilities	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	936,770
Telephone	29,991	26,436	35,286	101,960	94,604	85,538	80,639	78,674	90,885	88,096
Insurance & claims	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	1,336,484
Professional services	424,975	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991	1,160,192	914,565
Police expenses	74,106	55,218	66,434	14,233	24,006	14,435	16,461	31,320	1,552,251	1,736,658
Contracted services	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	142,769
Office and equipment rental	91,004	97,627	73,983	142,778	65,037	55,691	79,023	109,355	96,681	126,387
Operator and event expenses	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	1,825,207
Warehouse supplies	68,428	44,700	9,037	8,024	-	-	-	-	-	-
Safety/Environmental	90,947	71,246	69,075	83,442	77,086	98,478	107,859	70,797	84,493	87,427
General	93,105	196,113	129,909	185,198	175,307	220,554	494,274	876,438	242,219	216,267
	$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	$ 21,066,636
General and Administrative:										
Employee services	$ 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	$ 12,891,866
Maintenance	320,610	432,088	453,408	501,087	509,303	530,688	648,221	759,004	948,956	756,369
Utilities	196,865	224,245	172,703	194,864	171,122	149,405	159,148	160,630	162,490	173,577
Telephone	231,958	209,267	196,626	115,447	100,921	73,896	83,776	91,439	97,984	99,596
Insurance & claims	84,451	96,638	124,620	92,492	97,774	429,990	99,451	109,887	148,816	124,462
Professional services	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	5,491,998
Police expenses	314	174	82	82	-	190	1,616	1,227	2,943	3,574
Contracted services	88,262	64,213	151,445	100,952	59,756	23,431	26,167	49,477	140,500	90,680
Office and equipment rental	18,264	40,406	59,809	65,104	76,941	92,118	86,761	99,176	123,574	158,778
Administrative	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	2,865,300
Trade and sales development	148,946	204,427	157,237	184,528	188,894	200,500	209,900	165,955	172,765	174,973
Media advertising	109,262	108,425	206,557	195,766	190,661	225,363	232,608	311,184	327,641	354,200
Production	27,917	48,319	25,678	24,222	21,774	33,424	41,061	74,566	23,768	39,581
Safety/Environmental	38,206	22,681	21,544	23,299	23,651	26,732	28,007	43,037	45,881	29,398
General	100,319	25,185	42,294	25,752	8,965	185,250	92,943	23,172	32,841	8,799
	$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	$ 23,263,150
Depreciation	$ 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	$ 13,377,640
Non-Operating Expenses:										
Interest	$ 591,057	$ 504,030	$ 450,602	$ 392,699	$ (51,908)	$ 16,986	$ 535	$ 2,030,505	$ 2,973,844	$3,650,348
Other	592,931	20,735	19,386	-	9,646,400	102,957	-	9,969,479	4,953,048	6,134,112
	$ 1,183,988	$ 524,765	$ 469,988	$ 392,699	$ 9,594,492	$ 119,943	$ 535	$11,999,984	$ 7,926,892	$ 9,784,460

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, 2017, 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		
2018	$	11,349,662
2019		9,269,326
2020		8,018,662
2021		6,996,181
2022		6,812,897
Thereafter		64,287,347
Total	**$**	**106,734,075**

As of December 31, 2017, $25,665,477 had been received in advance payments and $11,447,152 will be billed in future periods for operating leases and has been recorded as unearned revenue. As of December 31, 2016, $13,974,445 had been received in advance payments for operating leases and $11,967,399 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	
2018	$ 457,040
2019	457,040
2020	457,040
2021	457,040
2022	457,040
Thereafter	5,461,965
Total	**$ 7,747,165**

TABLE 22 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Changes in Net Position
Last Ten Years

Table 6:

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Operating revenues:										
Wharfage	$ 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	$ 46,948,820
Dockage	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	13,548,519
Security fees	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	6,686,343
Freight handling	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	3,892,661
Rail Charges	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491
Building and land rentals	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	14,641,254
Conference center services	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	2,152,659
Warehouse handling charges	1,367,306	596,168	426,093	368,950	-	-	-	-	-	-
FTZ user fees	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000
Dredge placement fees	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638
Other	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,539,138	1,152,244	1,202,624	2,041,419
Insurance proceeds, net of losses	-	-	-	-	-	-	-	-	-	1,033,235
Total operating revenues	51,051,193	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	82,159,445	93,421,855	83,021,962	95,308,039
Investment income	932,447	584,849	478,291	467,494	163,804	283,544	341,754	518,374	1,184,692	2,417,838
Federal and other grant assistance	284,048	17,570	60,806	169,966	337,965	290,727	180,655	227,714	152,412	146,950
Donation of personal property	-	-	225,825	4,500	-	-	-	-	-	-
Gain on disposal of assets	-	7,266	-	3,727,517	-	-	40,596	-	-	-
Total Revenues	52,267,688	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,722,450	94,167,943	84,359,066	97,872,827
Expenses										
Operating expenses:										
Maintenance and operations	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	21,066,636
General and administrative	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	23,263,150
Depreciation	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	13,377,640
Total operating expenses	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	57,707,426
Interest expense and fiscal charges	562,442	504,030	450,602	392,699	(51,908)	16,986	535	2,030,505	2,973,844	3,650,348
Bond issuance costs	28,615	20,735	10,743	-	-	-	-	1,139,597	-	-
Fiscal payments to subrecipients	284,048	-	-	-	128,730	-	-	-	-	-
Contributions to Harbor Bridge Commitment	-	-	-	-	-	-	-	-	1,885,410	1,287,176
Contributions to other government agencies	-	-	-	-	-	-	-	3,000,000	3,000,000	4,415,092
Loss on disposal of assets	308,883	-	8,643	-	9,517,670	102,957	-	5,829,882	67,638	3,590
Loss on impairment of capital assets	-	-	-	-	-	-	-	-	-	428,254
Total Expenses	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	67,491,886
Income (Loss) Before Contributions	6,584,584	722,640	5,221,951	12,703,079	(955,989)	32,375,219	31,152,200	28,405,418	21,140,861	30,380,941
Capital Contributions	2,510,746	2,090,573	111,670,700	5,402,273	5,663,315	5,842,850	8,307,361	7,245,620	12,835,396	5,536,616
Changes in Net Position	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	35,917,557
Total Net Position, Beginning 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
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	-	1,835,648	-	-
Total Net Position, End of Year	$ 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	$ 558,000,386
Net Position at Year End										
Net investment in capital assets	$ 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	384,104,593
Restricted	1,756,683	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709	36,031,915	21,222,100
Unrestricted	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	152,673,693
Total Net Position	$ 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	$ 558,000,386

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Projected Operating Results and Debt Service Coverage
Next Five Years

Table 7:

	2017	2018	2019	2020	2021
Operating Revenues:					
Wharfage	$ 46,948,820	$ 53,117,848	$ 58,671,150	$ 66,059,381	$ 75,280,044
Dockage	13,548,519	13,513,588	14,061,015	14,692,032	15,035,873
Security	6,686,343	9,278,669	9,829,716	10,559,877	11,433,087
Freight handling	3,055,156	2,525,080	2,575,582	2,627,093	2,679,635
Storage	837,505	1,423,481	1,451,951	1,480,990	1,510,609
Rail charges	2,217,491	2,875,536	2,933,047	2,991,708	3,051,542
Other revenue	3,962,057	931,113	949,735	968,729	988,104
Conference center services	2,152,659	2,323,468	2,323,468	2,323,468	2,323,468
Building and land rentals	14,641,254	15,482,043	15,770,043	18,416,143	18,416,143
FTZ user fees	225,000	224,000	224,000	224,000	224,000
Insurance proceeds, net of losses (Note 11)	1,033,235	-	-		
Total Operating Revenues	95,308,039	101,694,826	108,789,707	120,343,421	130,942,505
Operating Expenses:					
Direct expenses	33,945,145	36,531,117	38,149,912	43,247,910	44,112,868
Indirect expenses	23,762,280	24,770,692	26,365,306	26,535,612	27,066,324
Total Operating Expenses	57,707,426	61,301,810	64,515,218	69,783,522	71,179,193
Other Revenues (Expenses):					
Investment Income	2,417,838	1,369,114	930,304	93,501	93,501
Other Income	146,950	203,188	203,188	203,188	203,188
Interest Expense	(3,650,348)	(4,063,293)	(3,980,790)	(3,878,502)	(3,878,502)
Contributions to Harbor Bridge commitment (Note 10)	(1,287,176)	-	-	-	-
Contributions to other government agencies	(4,415,092)	(3,000,000)	(3,000,000)	-	-
Loss on disposal of assets	(3,590)	-	-	-	-
Loss on impairment of capital assets (Note 4)	(428,254)	-	-	-	-
Total Other Revenues (Expenses)	(7,219,672)	(5,490,991)	(5,847,298)	(3,581,813)	(3,581,813)
Net Operating Revenues Available for Debt Service	$ 30,380,941	$ 34,902,025	$ 38,427,191	$ 46,978,086	$ 56,181,499
Debt Service	8,500,722	8,501,092	8,498,589	8,501,301	8,500,421
Total Debt Service	$ 8,500,722	$ 8,501,092	$ 8,498,589	$ 8,501,301	$ 8,500,421
Average Annual Debt Service Coverage	3.57	4.11	4.52	5.53	6.61
Maximum Debt Service Coverage	3.57	4.11	4.52	5.53	6.61

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, 2017

At December 31, 2017, total debt service requirements are as follows:

Table 8:

	Principal	Interest	Total
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	**$ 106,245,000**	**$ 46,760,788**	**$ 153,005,788**

Table 9:

PENSION PLAN

Plan Description

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). 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 2017 was 4.26 percent and for the calendar year 2016 was 4.99 percent, however the governing body of the Authority adopted the rate of 7 percent for both the calendar year 2017 and 2016. 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 $1,068,177 and $1,068,177, respectively for the year ended December 31, 2017, and $996,832 and $996,832, respectively for the year ended December 31, 2016.

Employees Covered by Benefit Terms

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

	December 31, 2016
Retirees or beneficiaries currently receiving benefits	97
Inactive employees entitled to but not yet receiving benefits	54
Active employees	209
	360

Actuarial Assumptions

The actuarial assumptions that determined the total net pension liability as of December 31, 2017 and the total net pension asset as of December 31, 2016 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:

Actuarial Valuation Date	December 31, 2016
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 (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)	Among active members 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

Discount Rate

The discount rate used to determine the total pension liability as of December 31, 2017 and December 31, 2016 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, 2016:			
Net pension liability	$ 6,199,703	$ 583,910	$ (4,178,437)

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, 2017 information for a seven to ten year time horizon. 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	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities-Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities-Emerging	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships	Alerian MLP Index	3.00%	5.60%
Private Real Estate	Cambridge Associates Real Estate Index (5)	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

(1) Target Asset Allocation was adopted at the April, 2017 TCDRS Board meeting

(2) Geometric Real Rates of Return in addition to assumed inflation of 2.0%, per Cliffwater's 2017 capital market assumptions

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

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

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

Net Pension Liability

The changes in net pension liability for the measurement date of December 31, 2016 based on the actuarial date of December 31, 2016 is reflected below:

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability	Fiduciary Net Position	Net Position Liability
Balances as of December 31, 2015	$ 46,331,389	$ 45,273,598	$ 1,057,791
Changes for the Year:			
Service cost	1,646,309	-	1,646,309
Interest on total pension liability	3,737,072	-	3,737,072
Effect of economic/demographic gains or losses	(640,607)	-	(640,607)
Refund of contributions	(165,687)	(165,687)	-
Benefit payments	(1,877,746)	(1,877,746)	-
Administrative expenses	-	(36,388)	36,388
Member contributions	-	996,832	(996,832)
Net investment income	-	3,346,977	(3,346,977)
Employer contributions	-	996,832	(996,832)
Other (allocated system-wide items)	-	(87,598)	87,598
Balances as of December 31, 2016	**$ 49,030,730**	**$ 48,446,820**	**$ 583,910**

For the year ended December 31, 2017, the Authority recognized pension expense as follows:

	January 1, 2016 to December 31, 2016
Service cost	$ 1,646,309
Interest on total pension liability	3,737,072
Administrative expenses	36,388
Member contributions	(996,832)
Expected investment return net of investment expenses	(3,660,261)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(47,857)
Recognition of assumption changes or inputs	74,864
Recognition of investment gains or losses	1,038,561
Other (allocated system-wide items)	87,598
Pension expense	**$ 1,915,842**

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Pension Plan
December 31, 2017

For the year ended December 31, 2017, 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	$ 285,306	$ 678,606
Changes of assumptions	299,455	-
Net difference between projected and actual earnings	3,052,371	-
Contributions made subsequent to measurement date	1,068,177	-
TOTALS	$ **4,705,309**	$ **678,606**

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,068,177 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2017 (i.e. recognized in the Authority's financial statements December 31, 2018). Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	$ 1,065,567
2018	1,065,567
2019	939,599
2020	(5,439)
2021	(106,768)
Total	$ **2,958,526**

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

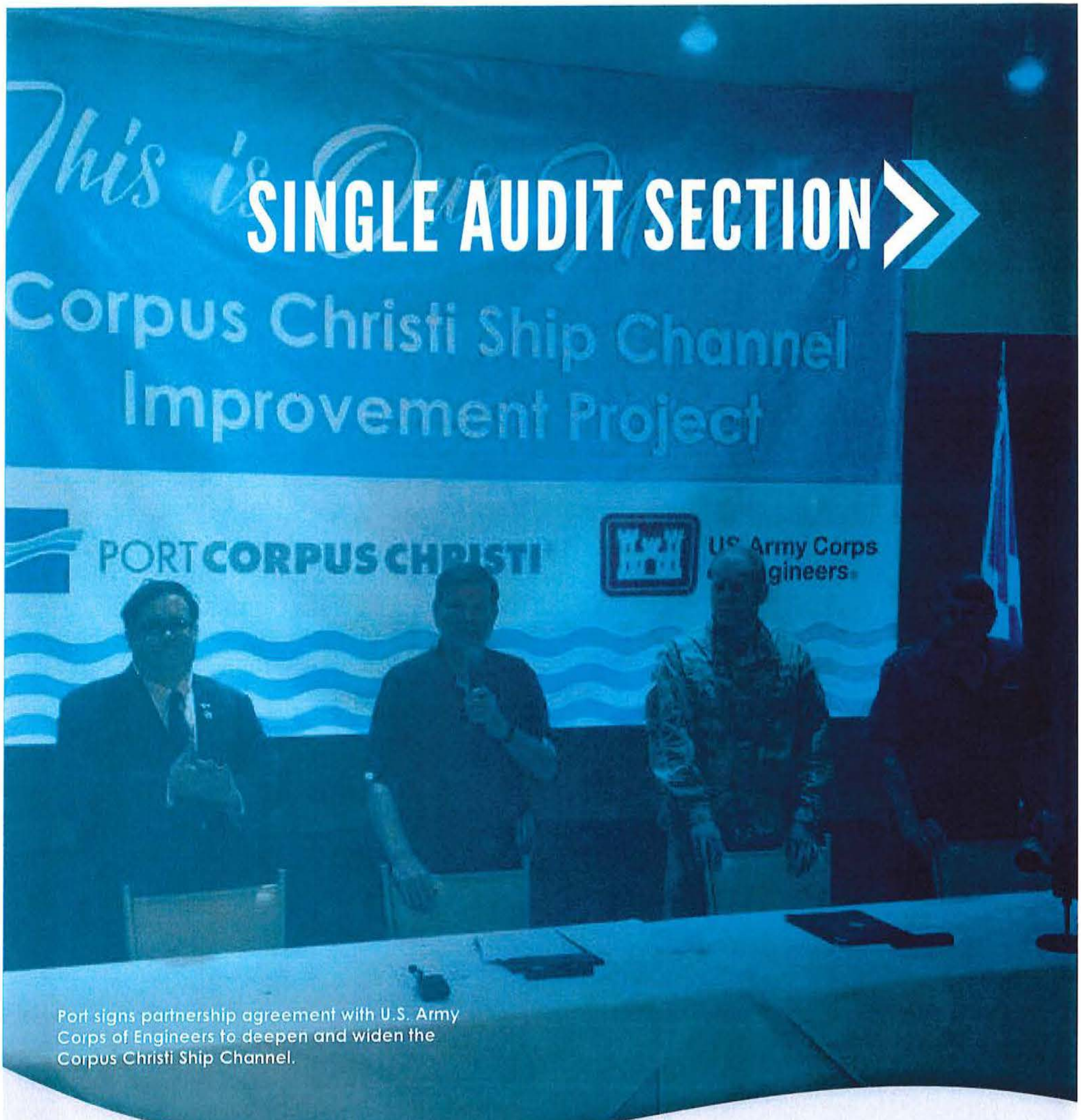
Current Investments December 31, 2017

Table 10:

The Authority's investments at December 31, 2017 are shown below:

	2017	
Investment Type	**Carrying Value**	**Fair Value**
Money market funds	16,263,917	16,263,917
Local government pool	64,050,419	64,050,419
United States agencies	125,296,341	125,296,341
Commercial Paper	9,979,545	9,979,545
Total	215,590,222	215,590,222
Short-term investments included in cash and cash equivalents	80,314,336	80,314,336
Equity in Total Investments	**$ 135,275,886**	**$ 135,275,886**

SINGLE AUDIT SECTION



Port signs partnership agreement with U.S. Army Corps of Engineers to deepen and widen the Corpus Christi Ship Channel.

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Port of Corpus Christi Authority of Nueces County, TX

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

April 30, 2018

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, 2017, 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 30, 2018.

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

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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 30, 2018

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, 2017. 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, 2017.

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, 2017

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, 2017

Program Title	CFDA Number	Grant Number	Expenditures
Federal Assistance			
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #15	97.056	EMW-2015-PU-00228	$ 163,389
Port Security Grant #16	97.056	EMW-2016-PU-00242	$ 97,063
Total Direct Programs			260,452
Total U.S. Department of Homeland Security			260,452
Total Federal and Passed through assistance			260,452
State Assistance			
Texas Department of Transportation			
Construction of Nueces River Rail Yard Phase II		CSJ0916-35-172	4,621,358
Construction of Mike Carrell Road		CSJ0916-35-204	572,256
Total Texas Department of Transportation			5,193,614
Total State Assistance			5,193,614
Total Federal, State, and passed through assistance			$ 5,454,066

PORT OF CORPUS CHIRSTI AUTHORITY OF NUECES COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

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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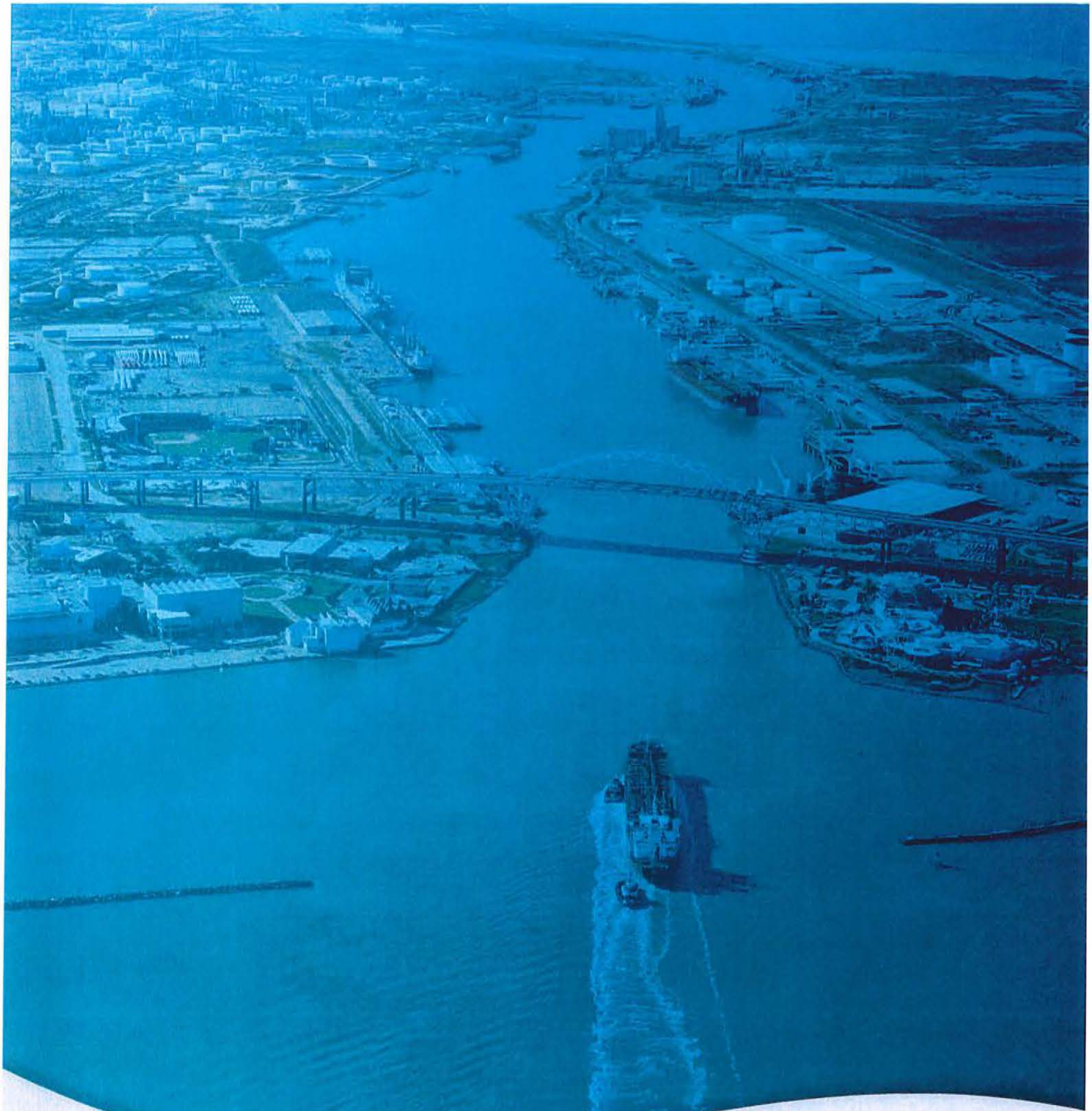

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