

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018



PORT CORPUS CHRISTI®

Comprehensive Annual Financial Report

Port of Corpus Christi Authority of Nueces County, Texas

For the Year Ended December 31, 2018

Prepared by the Finance Department

Kent A Britton
Chief Financial Officer

INTRODUCTORY SECTION



The first vessel exporting LNG departs Cheniere Corpus Christi Liquefaction facility.
The vessel was the LNG carrier Maria Energy, chartered by Cheniere Marketing, LLP.



PORT CORPUS CHRISTI®

Port of Corpus Christi Authority of Nueces County, TX

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

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December 31, 2018**

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PORTCORPUS CHRISTI®

April 9, 2019

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, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls 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) financial statements for the year ended December 31, 2018. 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 AUTHORITY

The Authority is located along the southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican border and approximately 200 miles south of Houston. The Authority maintains one of the deepest ports along the Gulf of Mexico coast with a current channel depth of 47 feet Mean Lower Low Water (“MLLW”) and an authorized depth of 54 feet MLLW along the main Corpus Christi Ship Channel. 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 its opening in 1926. The Corpus Christi Ship Channel is approximately 30 miles long and links the Authority’s Inner Harbor, Ingleside and Harbor Island locations with the Gulf of Mexico, and the six-mile-long La Quinta Ship Channel, which diverges from the main channel south of the City of Ingleside, Texas. The Corpus Christi Ship Channel is also directly connected to the Texas and Louisiana Gulf Intra-Coastal Waterway.

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 Port Commission is comprised of seven commissioners, who serve without pay. 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. Nueces County has a particularly special relationship with the Authority. In the event the Port Commission deems it necessary to issue tax-supported bonds, it must request the Nueces County Commissioners Court to call an election to do so. 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 executive staff, under the leadership of the Chief Executive Officer, manages the day-to-day operations of the Authority and assists the Commission in planning for the future. Port Commission efforts are directed toward encouraging industrial expansion, attracting new cargos, building and maintaining marine terminals and related transportation infrastructure, setting operational policy and cooperating with the State and Federal Governments as a local sponsor in maintaining and further improving vital navigation channels.

The Authority is a “landlord” Port Authority, whereby it owns land, develops land, and leases land and facilities to third parties, namely from the private industry sector. The Authority is also the primary non-federal sponsor of the Corpus Christi and La Quinta Ship Channels. The Authority owns docks, wharves, piers, rail infrastructure, roads, transit sheds, open storage facilities, freight handling facilities and equipment, warehouses, a grain elevator, a bulk material handling terminal, and a conference center. In addition, the Authority owns and maintains areas for the placement of dredged materials.

The Authority supports the development and maintenance of both privately-owned facilities and Authority-owned facilities. The Authority-owned docks include eight general cargo docks, fifteen liquid bulk cargo docks, two dry bulk material docks, two bagging facilities, a shipside grain elevator, cotton storage facilities, and a conference center. Most of the privately-owned facilities at the Port of Corpus Christi Authority are owned by, and operated exclusively for, the various refineries, petrochemical plants, crude oil terminals, an LNG terminal, and other industries that line the Corpus Christi Ship Channel and La Quinta Channel. Approximately 53 privately owned docks are located at the Port of Corpus Christi. The Authority derives revenue from nearly all facilities, public and private, along the Corpus Christi and La Quinta Ship Channels.

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 and quarterly financial reports

are prepared for management to maintain proper budgetary control and are reviewed by the Port Commission on a quarterly basis.

REGIONAL ECONOMIC GROWTH

As a result of both sound fiscal management and an economic growth trend in U.S. energy production and exports, the Authority remains financially strong and a significant contributor to the South Texas regional economy. The Authority reinvests its funds into four primary areas: maritime commerce and surface transportation infrastructure, environmental mitigation programs designed to reduce impacts, education and workforce development programs as more industrial development is attracted to the region, and regional community programs and activities designed to advance the quality of life and maintain good corporate citizenry.

The Authority is currently ranked as the fourth largest port in the nation in terms of revenue tonnage and the third largest petrochemical/hydrocarbon port in the United States. In 2018, the Authority was the second leading export port for crude oil in the United States, setting a new tonnage record of 106.2 million tons, a 3.8 percent increase over the previous year. The Authority has served the local economy for more than 90 years and is continually diversifying, upgrading and expanding its facilities to better serve industry and shippers throughout Texas and the nation. Local industries also have made significant investments to upgrade and expand their facilities, improve air and water quality, taking full advantage of the abundance of super-low sulfur oil and gas from West Texas and the Eagle Ford production fields. Local refineries continue to make investments that permit them to provide clean burning gasoline during ozone alert months, and through the leadership of the Authority with its customers, port-related industries continue to support a voluntary Environmental Management System program that has contributed to the local area's ability to maintain its "attainment" classification with both State and Federal environmental agencies.

In 2014, the Port of Corpus Christi Authority adopted the mission statement, simply stating "Leverage Commerce to Drive Prosperity", which complements the broader vision of the Authority, namely to be "The Energy Port of the Americas™." In pursuit of this mission, and guiding its strategic planning process, the Authority adheres to the following basic principles: (1) conduct affairs in a positive, open, and cooperative manner; (2) operate with fiscal responsibility; (3) engage proactively in the protection of the region's marine and water resources; and (4) commit 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 to the area and broaden the tax base that supports all public services. The findings from the most recent Port Economic Impact Study reinforce the Authority's position as the economic catalyst for the region. The South Texas Economic Development Center at Texas A&M University Corpus Christi studied the economic impact of the Authority operations, including the Congressman Solomon P. Ortiz International Center. The most recent study, published in January 2019, using 2017 data, shows that the Authority supports approximately 91,082 jobs, with 16,018 direct jobs generated from marine cargo and vessel activity, with an additional 20,254 induced jobs as a result of purchases by the direct jobs. The remainder of total jobs is comprised of 17,658 indirect jobs supported by the local purchases of businesses supplying services or dependent upon the

Authority, and 37,152 related user jobs from shippers and consignees. The 91,082 jobs, which represent 36 percent of the jobs in the region, provided \$5.7 billion in personal income for families throughout the Coastal Bend. Authority operations generated \$17.5 billion in revenue for businesses providing services to the Authority, port industries, and the Ortiz Center. More than \$411 million was paid in state and local taxes due to the Authority's activity.

Ultimately, the goal is to raise the standard of living and enhance the quality of life for everyone in the surrounding region. The Authority achieves that goal due to its financial stability and 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.

ECONOMIC OUTLOOK & LARGE DEVELOPMENTS IN 2018

The Port of Corpus Christi is poised to capitalize on rising global demand for crude oil. The proximity to both the Eagle Ford Shale and the Permian Basin – two of the nation's largest crude oil and natural gas producing regions, whose collective output grew to 4.8 million barrels per day by the end of 2018 – provides a geographical advantage over other Gulf Coast ports. Pipelines are being built from these regions to Corpus Christi which will increase take-away capacity by 2.5 million barrels per day and increase crude export volumes by approximately 1.7 million barrels per day by the end of 2020. To accommodate these anticipated increases, the Authority has a number of major projects under development that will require significant funding from federal and state agencies, existing and future revenue bond proceeds, and the Authority's unrestricted cash position.

Crude Oil - Eagle Ford and Permian Basin Shale Plays

The United States is not dependent on foreign oil anymore. Given 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 most of the new oil production coming from Texas. The Eagle Ford Shale in South Texas and the Permian Basin in West Texas continue to be significant economic stimulators for the region, state, and nation, and the Authority is a major refining hub, as well as a distribution center for cargoes used in drilling, hydraulic fracturing, and pipeline projects. Our proximity to the Gulf Coast and the deep-draft ship channel is advantageous for oil and natural gas companies looking to build marine terminals and storage hubs for importing heavy crude oil, exporting refined petroleum products, or transporting light crude oil and condensate to refineries worldwide. In 2018, approximately 23 percent of American crude oil exports moved through the Authority's channels, making the Authority the second largest exporter of crude oil in the nation. The Authority is investing in new rail infrastructure and liquid docks to support ongoing needs and the continued growth of the Eagle Ford and the Permian Basin.

New pipelines running from West Texas to South Texas (including Cactus II, Gray Oak and Epic) will provide an efficient route for moving crude oil from the Permian Basin to the Port of Corpus Christi Authority. Of the 2.4 million barrels per day of new capacity that those pipelines will provide, the Authority expects to handle at least 1.7 million barrels per day.

Liquefied Natural Gas – the Corpus Christi Liquefaction Terminal

In November 2018, a liquefied natural gas (LNG) export facility owned by Corpus Christi Liquefaction (a subsidiary of Cheniere Energy) went online. The site is located on the La Quinta Channel on the northeast side of Corpus Christi Bay on 1,000 acres. The first of many shipments from Cheniere’s Gregory facility left on December 11, 2018, on a chartered vessel named the Maria Energy. The upcoming shipments of LNG from Corpus Christi mean the Authority will begin to play a crucial role in the continued expansion of U.S. energy exports, as it already does for crude oil and refined petroleum products.

Cheniere is expected to become one of the largest buyers of U.S. and Texas natural gas in the coming months and years. The Corpus Christi LNG project is positioned near the country’s most prolific natural gas producing region, which supplies nearly 30 percent of total U.S. marketed natural gas. 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 annually to China through the Authority’s channels.

Corpus Christi Ship Channel Improvement Project

The congressionally authorized Corpus Christi Ship Channel Improvement Project (“Channel Improvement Project” or “CIP”) remains the primary focus of the Authority, providing both a safer transit through our waterways and enhancing the fluidity of the Ship Channel by allowing larger vessels to transit with more cargo, while providing for two-way transits through most of the Ship Channel. Since signing a Project Partnership Agreement (PPA) with the U.S. Army Corps of Engineers (USACE) in 2017 to deepen and widen the Corpus Christi Ship Channel, the Authority has provided \$82 million in funding to the USACE for the project; and the project has been included in two Presidential Budgets (FY’19 and FY’20) and two USACE Work Plans (FY’18 and FY’19). The Authority remains committed to advocating for the necessary federal funding for the CIP, with a goal of completing the project by the end of 2022.

In a historic milestone, on January 3, 2019, the USACE awarded a \$92 million construction contract to Great Lakes Dredge & Dock Company, LLC, for the first phase of the project, which extends the entrance of the Corpus Christi Ship Channel 2.2 miles into the Gulf of Mexico and deepens the Channel to 56 feet MLLW to Harbor Island. This work is scheduled for completion in February 2020.

New Project Development & Needed Infrastructure

The Port of Corpus Christi capital investment program and supporting infrastructure expansions support increasingly competitive access to the global demand markets for U.S. oil producers and marketers. The resulting goods value export volumes forecast via Corpus Christi could produce up to \$50 billion in incremental annual exports.

With more than \$50 billion in private industrial investment and development in and around the Corpus Christi Ship Channel, the need for additional infrastructure has never been greater. Energy producers, midstream companies, and refiners all are increasing their investments in the area, thereby placing a higher demand, and premium, on the current infrastructure. The Authority currently is managing over 90 capital projects of various sizes designed to improve the overall safety and

competitiveness of the gateway. We anticipate this activity to continue for the next three to five years as forecasted growth in energy exports continues.

One such development, driven largely in part by the increasing production of ethane and the 500-mile ethane pipeline system between Corpus Christi and the Mississippi River, is the Gulf Coast Growth Ventures (GCGV) joint venture between ExxonMobil and Saudi Arabia Basic Industries Corp (SABIC). This project, currently under construction, is a world-scale ethane cracker system feeding three derivative production units on land in San Patricio County, an approximately \$9.5 billion investment. GCGV leases land from the Authority for a multipurpose dock and marine terminal facility currently under construction.

Other highlights of 2018 include the first loading of Very Large Crude Carriers (“VLCCs”) at the Moda Midstream Ingleside Energy Center; the commissioning of the Cheniere Energy’s (\$ASX:LNG) Corpus Christi Liquefaction Train 1; the delivery of Oil Dock 15 to NuStar Energy LP (NYSE:NS); the announcement of the South Texas Gateway Terminal, a joint venture between Buckeye Partners (NYSE:BPL), Phillips 66 Partners (NYSE: PXP), and Marathon Petroleum (NYSE:MPC); the emergence of the M&G Polymers Corpus Christi assets from bankruptcy reorganization under new ownership and name--Corpus Christi Polymers--expected to commence operations in 2020; Howard Energy’s Maverick Terminal commencing operation in 2018, shipping gasoline and diesel by Class 1 railroad from Corpus Christi to Mexico; and the recent announcement of the Harbor Island Terminal development and lease to The Carlyle Group (NASDAQ:CG) and Berry Group joint venture, Lone Star Ports, LLC.

Harbor Island

In October 2018, the Authority announced plans to enter into lease negotiations with global private equity firm, The Carlyle Group, for the development of a world-class crude oil export terminal on Harbor Island in Port Aransas, Texas. Designed to connect growing crude oil production in the United States with global markets, the Harbor Island Terminal would be designed to simultaneously handle two VLCCs and would further the Corpus Christi gateway as a preferred outlet for crude oil export.

OTHER MAJOR INITIATIVES IN 2018

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. The Environmental Policy, the Authority’s ISO 14001 certified Environmental Management System (EMS), and the Green Marine certifications continue to be proactive tools that assist with managing and improving the environmental footprint of our operations. In 2018, Governor Greg Abbott recognized the Authority with a Texas Environmental Excellence Award for pollution prevention. This recognition came as a result of programs that include energy conservation, recycling, water conservation, air quality monitoring and environmental performance with Stevedores. In 2018, the Authority purchased 100 percent of electricity consumed from green energy sources and recycled over 55,733 pounds of materials. In 2018, the

Authority held two Port Green Day Events, which involved employees, customers and stakeholders partnering in beach cleanups.

Wind Energy

The Port of Corpus Christi Authority provides access to general cargo docks near staging areas, three class I railroads and uncongested highway systems, all of which offer the transportation necessary to ensure efficient and cost-effective deliveries of project cargo, including wind turbine components. The Authority offers easy access to major wind power project sites in Texas and across the Great Plains and strives to maintain its established position within this renewable energy industry. As the preferred “Wind Energy Port of the Gulf,” the Authority is adhering to its vision “To be the Energy Port of the Americas™.”

In 2018, American wind farms provided approximately 6 percent of the electrical grid supply in the U.S. Texas led the country in wind power installations in 2018 with almost 25,000-megawatt (MW) capacity installed. In total, the U.S. has 96,487 MW capacity, an 8 percent increase over 2017. Four states in the Great Plains now get more than 30 percent of their electricity production from wind and independent projections; new installations and repowerings may be expected to continue into the near future.

Dry Bulk, Breakbulk, and Military Cargo

To further grow the Authority’s cargo tonnage, our strategy is also focused on diversification of cargo to focus on dry bulk, breakbulk, and military cargo. On the dry bulk side, the Authority handles petroleum coke and sulfur for the local refineries, aggregates, sand and barite for multiple customers and is currently building a cement import dock that will supply growing markets in South Texas via trucks and railcars to satisfy an approximately 1-million-ton shortfall in cement production capacity in Texas.

In 2018, imports of barite and exports of sulfur cargo at the Authority’s bulk terminal increased, while exports of pet coke stayed relatively steady compared to the prior year. The Authority’s Bulk Terminal is undergoing major infrastructure improvements designed to increase productivity and improve efficiencies, including a new bulk materials portal crane from Liebherr, which will be delivered and installed in late 2019. This new crane will significantly improve the bulk terminal’s processing speed and allow for future marketing opportunities to increase the utilization of the terminal.

On the project cargo side, it is anticipated that steel pipe cargo will continue to grow in 2019 as they did in 2018, growing approximately 11 percent over 2017 tonnage. The pipe is primarily for the large production field projects which today remain significantly capacity constrained, with an approximate \$10 average differential per barrel between the well-head and the coast in 2018.

During 2017, in the days following Hurricane Harvey, the Authority was able to accommodate a military transport vessel that was already in transit to another Gulf Coast port but had suffered significant storm damage. In doing so, the Authority demonstrated its willingness and capability to handle large-scale military movements. The Authority can handle 8,000 pieces

of equipment at a time using four different vessel docks, 12,000 linear feet of rail spurs, over 100,000 square feet of covered storage and 32 acres of staging yards. After minimal activity in recent prior years, the Authority moved almost 50,000 tons of military equipment in the last four months of 2017 and increased that number to 108,000 tons in 2018.

Capital Construction Projects

With capital projects at an all-time high in 2018, the Authority spent more on capital projects than ever in its 93-year history, at nearly \$150 million. Current capital projects completed, ongoing, or initiated in 2018 include an additional \$46 million accelerated to the USACE for the Corpus Christi Ship Channel Improvement Project; the construction of the Authority's new administration building; the demolition of three existing docks at Harbor Island, construction of Mike Carrell Road; the construction of the Track A extension of Phase II of the Nueces River Rail Yard, construction of the bulk liquid handling facility at Bulk Dock 3 for Maverick Terminals; Phase 1 of the stormwater quality improvements at the Bulk Terminal; additional laydown and cargo storage capacity in the Rincon West Area; the addition of bulkhead at the Viola Barge Basin, replacement of the breasting structures at Oil Dock 3; construction of the Inner Harbor North Bank dry bulk cement dock; and general improvements to Cargo Dock 9.

In addition, the Authority was focused on removal of the Tule Lake Bridge foundations and widening of the Ship Channel in that area, upgrades to the pressurization of the fire system at the North Bank oil terminal facilities, dredging of a new dock for GCGV at La Quinta, and several security grant projects that added security lighting along the Joe Fulton International Trade Corridor and security fencing at the Bulk Terminal. Security improvements are integrated with a command and control system that ensures that the Authority and its customers are being properly safeguarded.

Other community projects initiated or completed in 2018 included the repairs to the bulkhead at Cline's Point in Port Aransas, Texas, the armoring of the Nueces Bay shoreline bike path, and repair of revetment damage at Ingleside-on-the-Bay, Texas--all of which were damaged by Hurricane Harvey.

In addition to the Authority's capital projects, another major and relevant regional surface transportation project is the Harbor Bridge Replacement Project. This Texas Department of Transportation (TxDOT) project will replace the current outdated Harbor Bridge with an aircraft clearance over the Corpus Christi Ship Channel of 138 feet, with a new 205-foot aircraft clearance cable-stayed bridge with a main span of 1,661 feet long, the longest in the United States once completed. Because the main towers are located on Port property and the bridge crosses Port property and the Ship Channel, the bridge developer, Flatiron – Dragados, LLC, TxDOT, and the Authority coordinate regularly to allow bridge construction and port operations to proceed smoothly and with minimal mutual impact.

As part of the Authority's commitment of \$85 million in cash and land for the New Harbor Bridge Project, the Authority is engaged in the largest voluntary real-estate acquisition and relocation project of its kind in the nation, a property purchase program designed to allow residents near the new Harbor Bridge to sell their property and relocate to decent, safe and sanitary properties of similar size. The Authority thus far has acquired 208 out of over 500 eligible properties as of the end of 2018.

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, 2017. This was the 35th 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.

Lloyd's List Americas awarded the Authority with the Deal of the Year in May 2018 for the lease of land for a multipurpose dock and terminal facility to Gulf Coast Growth Ventures, a \$9.5 billion investment in San Patricio County. GCGV will build the world's largest ethane cracker, a project that will create 600 permanent jobs in the region.

The Texas Commission on Environmental Quality (TCEQ) presented the Authority with a 2018 Texas Environmental Excellence Award (TEEA) in Pollution Prevention in May 2018. The award recognizes the Authority for its efforts to protect the State's natural resources through innovative and proactive environmental and sustainability initiatives. The TEEA is considered the State's highest environmental honor.

Acknowledgments

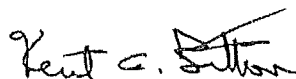
We wish to express our appreciation to the efficient and dedicated services of the entire staff of the Authority's Accounting Department, who were primarily responsible for assembling and compiling the data comprising the Comprehensive Annual Financial Report. It should also be noted that the preparation of this report would not have been possible without the teamwork of the Authority's most important asset, its people. Adhering to its SEAPORT Values (Safety, Empowerment, Accountability, Preparedness, Optimism, Respect, and Teamwork), Authority Staff are dedicated to the overall fiduciary role they play every day to ensure the transparency and responsibility of the funds entrusted to them by the Port Commission. The performance of Staff could not be possible without the extraordinary governance of the Port Commission, who uphold the highest of standards in governance and policymaking.

Respectfully Submitted,

Sean Strawbridge
Chief Executive Officer



Kent A. Britton
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, 2017

Christopher P. Morrell

Executive Director/CEO

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

**Organization Chart
December 31, 2018**

PORT COMMISSION, PORT OF CORPUS CHRISTI AUTHORITY

Executive Director		John P. LaRue
Chief Executive Officer		Sean Strawbridge
Chief Financial Officer		Dennis J. DeVries
Financial Controller		Kent Britton
Director of Real Estate		Sam Esquivel
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		Brenda Reed
Chief Operating Officer		Clark Robertson
Director of Engineering Services		David Krams
Chief of Design		Vacant
Chief of Channel Development		Dan Koesema
Chief of Construction		Natasha Fudge
Chief of Program Management and Delivery		Sonya Lopez-Sosa
Director of Environmental Planning and Compliance		Sarah Garza
Director of Operations (Acting)		Tom Mylett
Operations Manager		Russell Pickering
Harbormaster		Russell Cordo
Manager of Bulk Terminal		Richard "Eric" Battersby
Manager of Dock and Rail Operations		John Slubar
Safety Manager		Charlotte Hintz
Maintenance Manager		Gilbert Acevedo
Director of Port Security		Tom Mylett
Chief of Port Police		Eric Giannamore
Manager of Emergency Management		Danielle Hale
Chief Commercial Officer		Jarl Pedersen
Director of Business Development		Vacant
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
Chief External Affairs Officer		Omar Garcia
Director of Community Relations		Rosie Gonzalez Collin
Manager of Communications		Lisa Hinojosa
Director of Government Affairs		Nelda Olivo
Director of Planning		Jeff Pollack

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 Executive Officer

Jarl Pedersen, Chief Commercial Officer

Omar Garcia, Chief External Affairs Officer

Dennis J. DeVries, Chief Financial Officer

Clark Robertson, Chief Operating Officer

Kent Britton, Financial Controller

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

Brenda Reed, Director of Human Resources

Tyler Fuhrken, Director of Information Technology

Tom Mylett (Interim), Director of Operations

Jeff Pollack, Director of Planning

Tom Mylett, Director of Port Security

Sam Esquivel, Director of Real Estate

FINANCIAL SECTION



The Port of Corpus Christi ended 2018 with a record 106.2 million tons of waterborne cargo – a 3.8-million ton increase over 2017. This new record surpassed the prior record year (2015) by 2.7 million tons.



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 9, 2019

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 (the Authority) as of and for the year ended December 31, 2018, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2018, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, in 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statements No. 75 *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions* (OPEB). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16 and other required supplementary information on page 48 through 50 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.

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, statistical section, and the supplemental schedules 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 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 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.

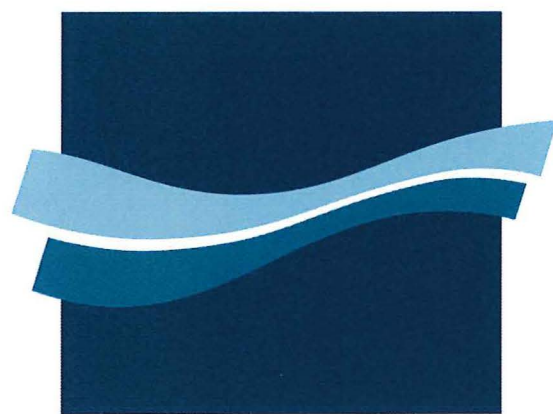
The supplemental schedules and the schedule of federal and state expenditures of awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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 9, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Collier, Johnson & Woods

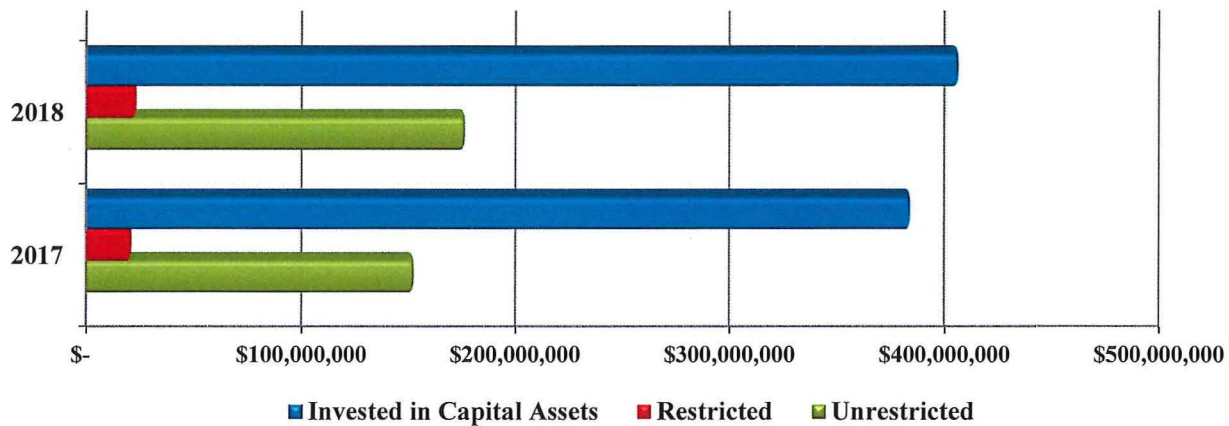


PORT**CORPUSCHRISTI**

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
Management's Discussion and Analysis
December 31, 2018

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 year ended December 31, 2018. 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, 2018 was \$606,378,144, increasing \$48,377,758 or 8.7% over the prior year. Income before capital grants and contributions produced an increase in net position of \$45,594,485, and capital contributions provided an increase of \$3,720,723 to net position. Beginning net position as of January 1, 2018, has been restated for the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, decreasing net position by \$937,450.
- The net investment in capital assets increased \$22,287,288 over the prior year as a result of capital additions net of depreciation of \$134,294,932 less an increase in capital debt, net of unspent bond proceeds of \$112,007,644.
- Restricted net position increased \$2,257,346 over the prior year. Expenditures of \$4,470,320 completed the Authority's requirement under the Voluntary Acquisition and Relocation Benefits Program explained in Note 11, pages 46-47, and law enforcement seizure funds, net of interest earned decreased \$7,848, while the required restriction for debt service increased \$6,735,514.
- Unrestricted net position of \$176,506,817 may be used to meet the Authority's current ongoing obligations to employees and creditors and increased \$23,833,124 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are comprised of the financial statements and the notes to the financial statements. The basic financial statements can be found on pages 17 through 47 of this report. Since the Authority is comprised of a single enterprise fund, no fund level financial statements are shown. This report also contains other supplementary information in addition to the basic financial statements themselves.

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Basic Financial Statements

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

The Statement of Net Position 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.

Required Supplementary 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 48-50 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.

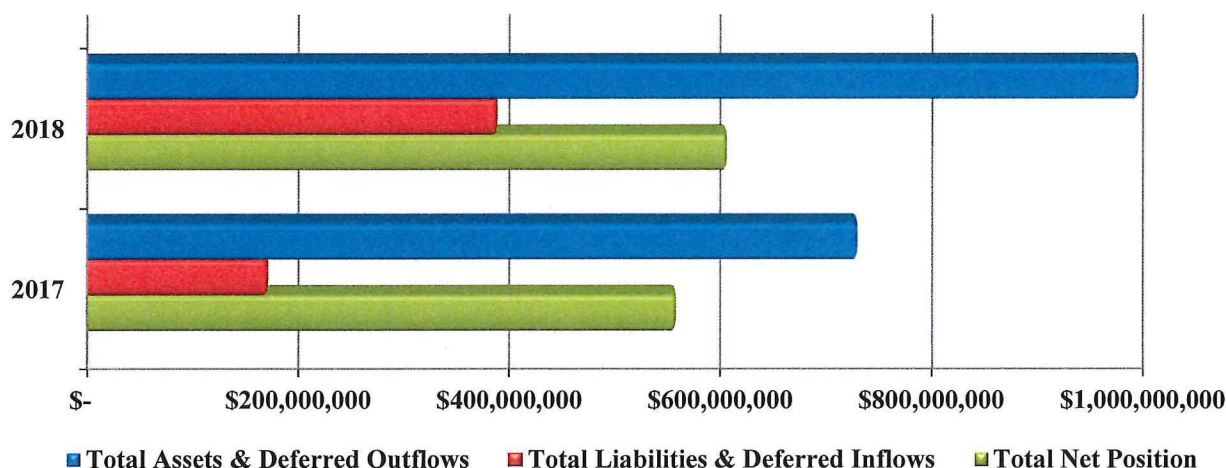
Statement of Net Position

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.

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The following condensed Statement of Net Position provides an overview of the Authority's net position as of December 31, 2018 and 2017:

	2018	2017	2018-2017 Change
Assets			
Current assets	\$ 222,909,126	\$ 197,308,460	\$ 25,600,666
Restricted assets	153,158,337	43,168,645	109,989,692
Capital assets	610,445,145	476,150,213	134,294,932
Other non-current assets	7,262,930	8,153,006	(890,076)
Total Assets	993,775,538	724,780,324	268,995,214
Deferred Outflows of Resources			
Deferred outflows	1,737,517	4,705,309	(2,967,792)
Total Assets and Deferred Outflows of Resources	995,513,055	729,485,633	266,027,422
Liabilities			
Current liabilities	24,282,862	24,630,537	(347,675)
Long-term debt, net of current portion	321,912,024	101,795,000	220,117,024
Unearned revenue and capital leases, net of current portion	37,187,658	39,876,069	(2,688,411)
Other liabilities	4,543,704	4,505,035	38,669
Total Liabilities	387,926,248	170,806,641	217,119,607
Deferred Inflows of Resources			
Deferred inflows	1,208,663	678,606	530,057
Total Liabilities and Deferred Inflows of Resources	389,134,911	171,485,247	217,649,664
Net Position			
Net investment in capital assets	406,391,881	384,104,593	22,287,288
Restricted	23,479,446	21,222,100	2,257,346
Unrestricted	176,506,817	152,673,693	23,833,124
Total Net Position	\$ 606,378,144	\$ 558,000,386	\$ 48,377,758



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The Authority's net position of \$606,378,144 at the close of 2018 increased by \$48,377,758 over 2017. The largest portion of the Authority's net position (67.0%) reflects its net investment in capital assets. The Authority uses these capital assets to provide services to its customers and consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position (29.1%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position (3.9%) 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 \$266,027,422 (36.5%) over 2017. The majority of this change is from increases in current assets of \$25,600,666, net capital assets of \$134,294,932, and restricted assets of \$109,989,692. The majority of the increase in current assets is from an increase in cash and investments of \$23,243,737. The increase in net capital assets is shown in detail on page 12 of the Management's Discussion and Analysis. Restricted assets have increased primarily due to unexpended bond proceeds of \$114,577,859.

The Authority's total liabilities and deferred inflows increased by \$217,649,664 (226.9%) over 2017. Revenue bonds sold at a premium in 2018 increased the total liabilities by \$224,993,963 over 2017.

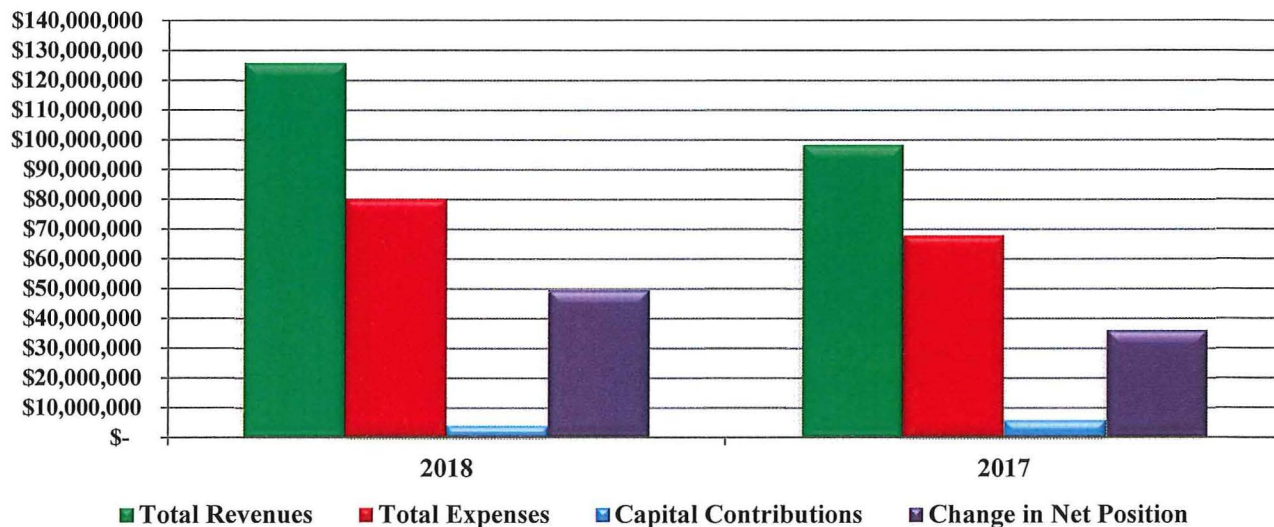
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Statement of Revenues, Expenses, Change in Net Position

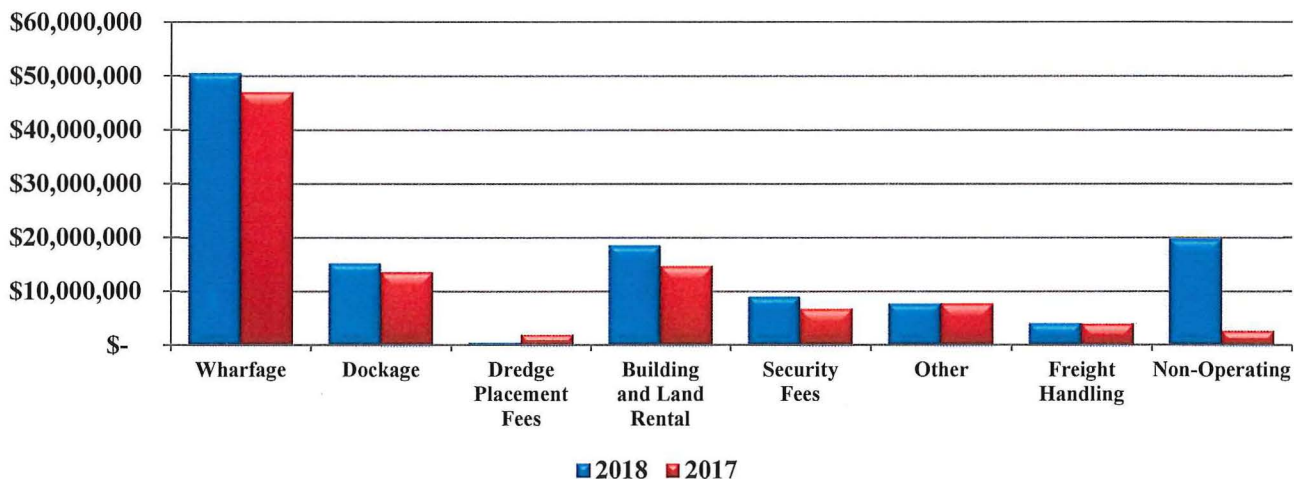
The Statement of Revenues, Expenses, and Change in Net Position serve as a measure to determine how successful the Authority was during the past year in recovering its costs through its user fees and other charges, as well as its profitability and credit worthiness. The following Statement of Revenues, Expenses, and Change in Net Position summarizes the operations of the Authority for the years ended December 31, 2018 and 2017:

	2018	2017	2018-2017 Change
Revenues			
Operating revenues:			
Wharfage	\$ 50,487,100	\$ 46,948,820	\$ 3,538,280
Dockage	15,310,185	13,548,519	1,761,666
Security fees	9,014,385	6,686,343	2,328,042
Freight handling	4,033,418	3,892,661	140,757
Rail charges	2,552,814	2,217,491	335,323
Building and land rentals	18,591,803	14,641,254	3,950,549
Conference center fees	2,017,419	2,152,659	(135,240)
FTZ user fees	241,833	225,000	16,833
Dredge placement fees	436,910	1,920,638	(1,483,728)
Other	2,930,524	2,041,419	889,105
Insurance proceeds, Hurricane Harvey	163,737	1,266,289	(1,102,552)
Total operating revenues	105,780,128	95,541,093	10,239,035
Investment income	4,807,322	2,417,838	2,389,484
Federal and other grant assistance	266,930	146,950	119,980
Contributions from Harbor Bridge commitment	14,761,550	-	14,761,550
Total Revenues	125,615,930	98,105,881	27,510,049
Expenses			
Operating expenses:			
Maintenance and operations	24,934,261	21,066,636	3,867,625
General and administrative	25,435,988	23,263,150	2,172,838
Hurricane Harvey related repairs	963,247	233,054	730,193
Depreciation	14,149,761	13,377,640	772,121
Total operating expenses	65,483,257	57,940,480	7,542,777
Interest expense and fiscal charges	7,697,446	3,650,348	4,047,098
Bond issuance expenses	1,993,237	-	1,993,237
Contributions-Harbor Bridge commitment	1,786,441	1,287,176	499,265
Contributions to other governments	3,000,000	4,415,092	(1,415,092)
Loss on disposal of assets	61,064	3,590	57,474
Loss on impairment of assets	-	428,254	(428,254)
Total Expenses	80,021,445	67,724,940	12,296,505
Income Before Contributions	45,594,485	30,380,941	15,213,544
Capital Contributions	3,720,723	5,536,616	(1,815,893)
Changes in Net Position	49,315,208	35,917,557	13,397,651
Total Net Position, Beginning of Year	558,000,386	522,082,829	35,917,557
Cumulative Effect of Change in Accounting Principle	(937,450)	-	(937,450)
Total Net Position, as Restated	557,062,936	522,082,829	34,980,107
Total Net Position, End of Year	\$ 606,378,144	\$ 558,000,386	\$ 48,377,758

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Revenues



Operating revenues in 2018 increased by \$10,239,035 or 10.7% over 2017. The major variances in revenues from 2018 to 2017 are as follows:

- Wharfage \$ 3,538,280
- Dockage 1,761,666
- Security surcharge fees 2,328,042
- Building and land rentals 3,950,549

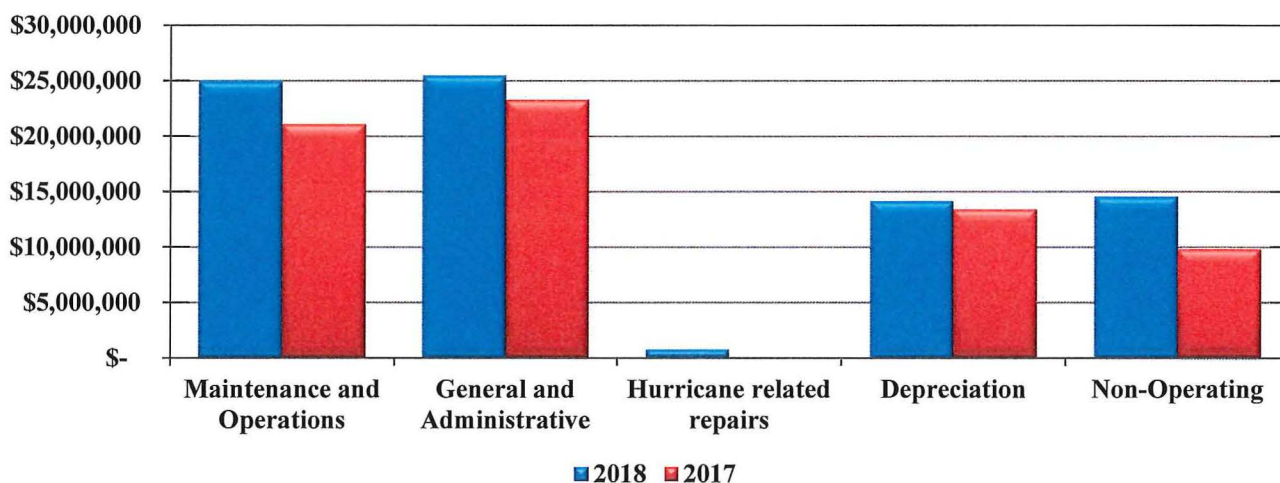
Wharfage increased \$2,837,667 at the public oil docks and \$2,140,177 at the private oil docks and these increases were offset by a decrease at the dry cargo docks of \$1,115,118. The Authority constructed two new oil docks in 2018 and this increased revenues by \$958,948 at the public oil docks for the partial year that they were in operation. Crude and petroleum tonnage has increased 7.5% over 2017 also contributing to the wharfage increases at the public and private oil docks. The decrease in wharfage revenues at the dry cargo docks resulted from a decrease in wind turbine shipments. Security fees have increased over 2017 due to an increase in the security

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surcharge added to wharfage and dockage from 7.5% in 2017 to 10% in 2018. Building and land rentals of Authority properties have increased due to new tenants and rent escalations of existing leases.

Non-operating revenues have increased \$17,271,014 over 2017. The Authority met the contractual commitment with the Texas Department of Transportation on the Harbor Bridge Replacement and Neighborhood Relocation project in March, 2018 and has recognized \$14,761,550 in reimbursements from the program. The Authority recognized an increase in investment income of \$2,389,484 mainly due to increasing interest rates earned on their investments and the increase in investible cash from the sale of revenue bond proceeds in August, 2018.

Expenses



Operating expenses in 2018 increased \$7,542,777 or 13.0% over 2017. The major variances in expenses from 2018 to 2017 are as follows:

• Maintenance	\$ 599,658
• Professional services	4,251,573
• General	699,247
• Hurricane Harvey repairs	730,193
• Depreciation	772,121

Maintenance expenses increased mainly due to an increase of \$365,087 in maintaining the Authority's buildings and infrastructure, an increase of \$125,281 in computer equipment maintenance, and an increase of \$98,426 in maintaining the security equipment.

Professional service expenses increased mainly due to an increase in engineering services of \$2,795,124, consultants of \$1,313,892, and legal fees of \$642,293, offset by a decrease in environmental services of \$572,075.

The increase in general expenses is due mainly to the write off of bad debts of \$597,564 from a customer in bankruptcy.

Hurricane Harvey repairs continued in 2018 and costs are expected to continue in 2019 for mitigation and repair costs as further explained in Footnote 12 of the Authority's financial statements.

Depreciation expense has increased over 2017 mainly due to the completion and capitalization of a major project to construct an oil dock in 2018.

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Capital Grants and Contributions

Capital grants and contributions decreased by \$1,815,893 from 2017. 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, 2018 include the following:

• Security enhancements	\$ 324,182
• State funded rail improvements	1,808,623
• State funded road construction	1,102,744
• Donations of capital property from tenants	485,174

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's investment in capital assets as of December 31, 2018, amounts to \$610,445,145 (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 \$134,294,932 or 28.2%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 30.

Major capital asset activity during 2018 include the following:

• Channel deepening and widening	\$ 49,644,310
• Land purchases	37,584,404
• Construction of new docks	14,675,455
• Improvements to bulk handling facilities	13,293,174
• Demolition/removal of bridge foundations	11,489,430
• Roadway and parking lot improvements	4,826,334
• Laydown yard and storage improvements	4,794,515
• Expansion of rail interchange yard	2,576,665
• Design/construction of new office facility	1,727,235

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	2018	2017	2018-2017 Change
Capital assets, not being depreciated:			
Land	\$ 117,521,032	\$ 96,467,773	\$ 21,053,259
Channel and waterfront improvements	58,208,698	31,530,381	26,678,317
Intangibles	387,429	387,429	-
Construction in progress	223,939,253	154,887,001	69,052,252
	400,056,412	283,272,584	116,783,828
Capital assets, being depreciated:			
Port facilities	150,227,608	134,686,056	15,541,552
Buildings and improvements	46,797,595	43,286,983	3,510,612
Machinery and equipment	13,301,261	14,708,809	(1,407,548)
Intangibles	62,269	195,781	(133,512)
	210,388,733	192,877,629	17,511,104
Net Capital Assets	\$ 610,445,145	\$ 476,150,213	\$ 134,294,932

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. 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.

On August 8, 2018, the Authority issued \$115,000,000 in Series B Taxable revenue bonds for the purpose of acquisition, design, construction, reconstruction, repair, rehabilitation, improvement and equipping the Port facilities in the Authority's capital improvement program, including the acquisition of land for authorized Authority purposes and construction of the Corpus Christi Ship Channel Project. The Authority also issued \$92,530,000 in Series A Non-Taxable revenue bonds on that date for the purpose of the Corpus Christi Ship Channel Project to deepen and widen the main channel and to add barge lanes.

Additional information regarding the Authority's long-term debt can be found in Note 6 to the financial statements on page 31-32. As of December 31, 2018, the Authority had long-term debt outstanding of \$326,442,024. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2018 and 2017.

	2018	2017	2018-2017 Change
General revenue bonds	\$ 309,325,000	\$ 106,245,000	\$ 203,080,000
Bond premium	17,117,024	-	17,117,024
Total Long-term Debt	\$ 326,442,024	\$ 106,245,000	\$ 220,197,024

The Authority maintains an 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

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required to maintain a revenue bond coverage of at least 1.25 times the average annual debt service requirements. As of December 31, 2018, the Authority's revenue bond coverage was 3.28.

ECONOMIC OUTLOOK

The Authority, along with its attendant customer base, remains in the midst of a significant economic boom, driven primarily by oil and gas production in the Permian Basin and demand for those products in export markets. As a result, the Authority hit an all-time high in shipments in 2018, and for the second year in a row hit an all-time high in revenue. The Authority continues to seek contractual arrangements that will satisfy our mission to "Leverage Commerce to Drive Prosperity" and entered new contractual relationships in 2018 that fulfill that mission. In 2018, the Authority remained the fourth largest port in the United States, as measured by tonnage, shipping 106.2 million tons, an increase of 3.8% over the prior year. The primary drivers were significant increases in crude oil exports and other petroleum product shipments which allowed the Authority to offset a significant decrease in bulk grain shipments due to world trade conditions external to the Authority. The Authority was the second largest exporter of crude oil in the United States in 2018. 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 and gas plays, as well as a logistical and distribution center for cargoes used in drilling, fracturing and pipeline projects.

Announced pipeline projects to bring oil from the Permian Basin to Corpus Christi are already underway and will significantly increase the Authority's role in the global export market going forward. The Authority continues to invest in new infrastructure to support the current needs and continued growth potential of our existing customers, while also working with new companies to ensure that terminal capacity of the Authority and its customers matches the expected increase in takeaway capacity from the Permian and Eagle Ford shale plays. The Authority also supports the significant private investment 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 outlook for the Permian Basin has improved for several years, and output there at the end of 2018 was approximately 3.8 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, and multiple pipeline projects to Corpus Christi have been announced, the Authority feels it is well positioned to see significant continued increases 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 remains the top priority for the Authority, as a deeper, wider ship channel will provide better navigational safety and transportation efficiencies for our customers. After signing the Project Partnership Agreement (PPA) with the U.S. Army Corps of Engineers in 2017, the Authority received significant funding for the project in 2018 and expects the project to begin in April 2019. 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 estimated cost of the project is currently \$409.7 million, of which the Authority will fund \$132.5 million. The Authority has currently provided \$82 million of that funding towards the project.

In August, 2018, the Authority successfully sold \$207.5 million of Senior Lien Revenue Bonds to fund its portion of the Channel Improvement Project as well as other infrastructure needs to support the recent and expected growth in export of energy.

Over the past 5 years, industry leading companies from around the world have committed to major investments in and around the Authority, totaling approximately \$50 billion. Many of those projects have been completed and are now operational, while others remain in construction and will come on line over the next several years. The Authority reached agreement with several others in 2018 that will continue the growth trends seen in recent years. These investments include the following:

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In October 2018, the Authority and the Carlyle Group announced they had reached an exclusive agreement to develop a major crude export terminal on land the Authority owns on Harbor Island, near the entrance to the Corpus Christi Ship Channel. The Project would work to bring together oil producers, marketers, pipeline operators and marine terminal operators to ensure a significant portion of the new oil production in Texas will have a reliable gateway to international markets. Work to reach a definitive commercial agreement continues.

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 of the first processing unit at the facility commenced with the loading of the first commissioning cargo in December 2018. Operation of the second processing unit is expected in early 2020, and a Notice to Proceed has been given to their primary contractor to begin work on their third processing unit on the site.

After completing major infrastructure improvements in 2014 and a major asset purchase in 2016 that dramatically expanded their footprint within the Authority, the Authority completed a new oil dock for Nustar Energy in the second half of 2018, and Nustar commenced operations over that dock in the fourth quarter of 2018. Nustar also announced in the fourth quarter that it had reached an agreement with a major customer for additional throughput at the facility, as well as construction of additional storage capacity at their terminal.

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. In support of that project, in 2018 the Authority completed a new liquid bulk dock facility that can unload barges and ships and connects to Howard Energy Partner's Maverick Terminal. Operations commenced in April 2018 with the successful unloading of diesel barges, and rail operations began a month later with the first shipments of gasoline and diesel to multiple global markets, including Mexico. By the fourth quarter of the year, Maverick Terminals was also receiving product via pipeline and ship for transfer to rail. As a part of the lease agreement, the Authority will design and construct an additional new oil dock to further support Howard's operations.

In March 2018, the Authority approved a lease agreement with Castleton Commodities International (CCI) for 55 acres on the north side of the Corpus Christi Ship Channel in the Inner Harbor, for purposes of constructing an oil export terminal, including a new oil dock. The Authority will construct and own the dock, and CCI will install the loading arms, handling equipment, storage tanks and other facilities. The Authority will also dredge a berth to accommodate the loading of Suezmax oil tankers.

M&G Resins USA, which had begun construction on a \$1.1 billion 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. In 2018, Alfa SAB de C.V. (DAK), Indorama Ventures Plc, and Far Eastern New Century formed the joint venture Corpus Christi Polymers and entered a successful bid to buy the assets in bankruptcy. That sale was approved by the Federal Trade Commission in December 2018, and the Authority expects construction to resume on the plant by mid-year 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.

In support of its position as the number one port for handling wind energy components in the Gulf of Mexico, the Authority created additional laydown capacity by construction of the 25-acre Rincon West Yard, which was completed in June 2018. The yard is in close proximity to the Authority's Cargo Dock 9 and received its first shipment of wind turbine components in July. The Authority expects to further enhance the capacity of this yard by adding rail service in 2019.

In April 2018, Buckeye Partners announced the formation of a joint venture with Phillips 66 and Andeavor to develop a deep water marine terminal on the Corpus Christi Ship Channel near Ingleside, Texas. The project, to be known as South Texas Gateway Terminal, will have over 3 million barrels of storage, with long term plans to expand, and proposes two deep water docks capable of berthing Very Large Crude Carriers.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2018**

REQUESTS FOR INFORMATION

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

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

**Statement of Net Position
December 31, 2018**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 2)	\$ 120,522,836
Investments (Note 2)	76,457,059
Accounts receivable, net (Note 3)	22,583,039
Interest receivable	287,426
Intergovernmental receivable	1,166,864
Inventory	936,884
Prepaid expenses	955,018
<i>Total Current Assets</i>	<u>222,909,126</u>

NON-CURRENT ASSETS:

RESTRICTED ASSETS:

Restricted cash and cash equivalents (Note 2)	<u>153,158,337</u>
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CAPITAL ASSETS:

Capital assets, not being depreciated (Note 4)	400,056,412
Capital assets, being depreciated, net (Note 4)	<u>210,388,733</u>
<i>Capital Assets, Net</i>	<u>610,445,145</u>

OTHER NON-CURRENT ASSETS:

Accrued revenues, net of current portion	4,294,615
Purchase option deposit	100,000
Net pension asset (Note 7)	<u>2,868,315</u>
<i>Total Other Non-Current Assets</i>	<u>7,262,930</u>
<i>Total Non-Current Assets</i>	<u>770,866,412</u>
TOTAL ASSETS	<u>993,775,538</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow related to pensions (Note 7)	<u>1,737,517</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>995,513,055</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Accounts payable	11,314,053
Accrued expenses	877,412
Accrued interest payable	1,150,326
Unearned revenue, current portion (Note 6)	4,420,238
Unearned capital lease, current portion (Note 6)	457,040
Current maturities of long-term debt (Note 6)	4,530,000
Compensated absences, current portion (Note 6)	<u>1,533,793</u>
<i>Total Current Liabilities</i>	<u>24,282,862</u>

NON-CURRENT LIABILITIES:

Unearned revenue, net of current portion (Note 6)	30,354,573
Unearned capital lease, net of current portion (Note 6)	6,833,085
Long-term debt, net of current maturities (Note 6)	321,912,024
Compensated absences, net of current portion (Note 6)	2,787,859
OPEB liability (Note 8)	<u>1,755,845</u>
<i>Total Non-Current Liabilities</i>	<u>363,643,386</u>
TOTAL LIABILITIES	<u>387,926,248</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflow related to pensions (Note 7)	1,170,703
Deferred inflow related to OPEB (Note 8)	<u>37,960</u>
<i>Total Deferred Inflows of Resources</i>	<u>1,208,663</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>389,134,911</u>

NET POSITION:

Net investment in capital assets	406,391,881
Restricted:	
Bond interest and redemption	23,468,607
Law enforcement	10,839
Unrestricted	<u>176,506,817</u>
TOTAL NET POSITION	<u>\$ 606,378,144</u>

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

**Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2018**

OPERATING REVENUES:

Wharfage	\$ 50,487,100
Dockage	15,310,185
Security fees	9,014,385
Freight handling	4,033,418
Rail Charges	2,552,814
Building and land rentals	18,591,803
Conference center services	2,017,419
FTZ user fees	241,833
Dredge placement fees	436,910
Other	2,930,524
Insurance proceeds, Hurricane Harvey (Note 12)	163,737
Total Operating Revenues	105,780,128

OPERATING EXPENSES:

Maintenance and operations	24,934,261
General and administrative	25,435,988
Hurricane Harvey related repairs (Note 12)	963,247
Depreciation	14,149,761
Total Operating Expenses	65,483,257
Operating Income	40,296,871

NON-OPERATING REVENUES (EXPENSES):

Investment income	4,807,322
Federal and other grant assistance	266,930
Interest expense and fiscal charges	(7,697,446)
Bond issuance expenses	(1,993,237)
Contributions to Harbor Bridge commitment (Note 11)	(1,786,441)
Contributions from Harbor Bridge commitment (Note 11)	14,761,550
Contributions to other government agencies (Note 11)	(3,000,000)
Loss on disposal of assets	(61,064)
Net Non-Operating Revenues	5,297,614
Income Before Capital Grants and Contributions	45,594,485

CAPITAL GRANTS AND CONTRIBUTIONS

Change in Net Position	49,315,208
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Total Net Position, Beginning of Year	558,000,386
Prior period adjustment for GASB 75 (Note 9)	(937,450)
Total Net Position, Beginning of Year, Restated	557,062,936
Total Net Position, End of Year	\$ 606,378,144

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

**Statement of Cash Flows
For the Year Ended December 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 103,365,358
Cash payments to suppliers for goods & services	(27,633,469)
Cash payments to employees for services	(22,915,039)
Cash payments to and received from other operating sources	2,254
<i>Net Cash Provided by Operating Activities</i>	<u>52,819,104</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Operating grants received	161,275
Cash received on behalf of Harbor Bridge commitment	1,364,171
Payments on behalf of Harbor Bridge commitment	(1,786,441)
Payments to other governments	(3,000,000)
<i>Net Cash Used by Noncapital Financing Activities</i>	<u>(3,260,995)</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES:**

Acquisition and construction of capital assets	(148,693,837)
Capital grants and contributions	2,788,918
Cash received on behalf of Harbor Bridge commitment	13,397,379
Proceeds from sale of assets	9,489
Proceeds on issuance of capital debt	223,000,726
Principal payment on capital debt	(4,450,000)
Interest expense and fiscal charges	(7,231,650)
<i>Net Cash Provided for Capital and Related Financing Activities</i>	<u>78,821,025</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income	4,135,207
Proceeds from sale and maturities of investments	106,000,000
Purchase of investments	(46,462,086)
<i>Net Cash Provided by Investing Activities</i>	<u>63,673,121</u>
<i>Net Increase in Cash and Cash Equivalents</i>	<u>192,052,255</u>
<i>Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts</i>	<u>81,628,918</u>
<i>Cash and Cash Equivalents at End of Year, Including Restricted Accounts</i>	<u>\$ 273,681,173</u>

(Continued)

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

**Statement of Cash Flows-Continuation
For the Year Ended December 31, 2018**

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 40,296,871
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	14,149,761
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts and intergovernmental receivables	(3,415,692)
Inventories	72,643
Prepaid items	(21,136)
Accrued revenues, net of current	3,758,391
Net pension asset	(2,868,315)
Deferred outflows of resources	953,982
Accounts payable and accrued expenses	698,244
Unearned revenue	(2,337,818)
Unearned capital lease revenue	(457,040)
Net pension liability	(583,910)
OPEB liability	62,046
Compensated absences	(32,790)
Deferred inflows of resources	2,543,867
<i>Total Adjustments</i>	12,522,233
<i>Net Cash Provided by Operating Activities</i>	\$ 52,819,104

Noncash Investing, Capital, and Financing Activities:

Amortization (accretion) of premium/discounts on investments	\$ (398,480)
Change in fair value of investments	(320,607)
Change in accrued interest on investments	46,972
Change in intergovernmental receivables	(552,286)
Amortization of premium on revenue bonds	(346,939)
Loss on disposal of assets	(61,064)
Donation of capital assets	485,174
Acquisition of capital assets accrued but not paid, net of reimbursements	(663,765)

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:

	2018
Total Net Position	\$ 254,465
Change in Net Position	\$ 82,496

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 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

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Authority has the following items that qualify for reporting in this category.

- 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.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has the following items that qualify for reporting in this category.

- 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 OPEB liability – This difference is deferred and amortized 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 TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. 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. Seven customers from the petroleum industry made up over 62 percent of the Authority's wharfage and dockage revenue base for 2018. The Authority believes, however, that much of that risk is mitigated by minimum guaranteed throughputs and contracted land lease revenues. In addition, while petroleum products continue to be the Authority's top commodity representing 45 percent of all cargo, that category is a broad catch-all for multiple distinct products such as LPG, LNG and refined products such as gasoline and diesel, and represent significant diversification from crude oil. Crude oil, the Authority's second most prevalent commodity represents 43 percent of cargo tonnage that moved through the Authority in 2018.

ESTIMATES

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

RECENT ACCOUNTING PRONOUNCEMENTS

The Authority has reviewed GASB pronouncements which become effective in future years and have listed below the statements that will be applicable to the Authority.

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 and be implemented in fiscal year 2020. Management is currently reviewing the effects this pronouncement will have on the Authority.

GASB 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period– requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type or enterprise fund. This statement will become effective for report periods beginning after December 15, 2019 and the Authority has chosen to early implement this statement in fiscal year 2018.

2. DEPOSITS AND INVESTMENTS

At December 31, 2018 the carrying amount of the Authority’s demand deposits and cash on hand was \$7,573,583. The total bank deposits were covered by federal depository insurance (FDIC) or were secured by collateral held by the Authority’s agent in the Authority’s name.

The 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, 2018 carried at fair value were:

Investment Type	Fair Value	2018	Credit Risk
		Weighted Average Maturity (Days)	
Money market funds	\$ 8,596,468	1	
Local government pool	263,519,428	1	AAA
United States agencies	66,582,254	233	AAA
United States treasuries	9,874,805	348	AAA
Total	348,572,955		
Short-term investments included in cash and cash equivalents	272,115,896		
Equity in Total Investments	\$ 76,457,059		
Portfolio Weighted Average Maturity		55	

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 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).

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. The Authority's Investment Policy further restricts bonds to a maximum of \$10 million per issuer and block size purchases are limited to \$10 million.

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
		2018
United States Treasury securities	100%	2.83%
United States Agency securities	100%	19.10%
Depository Certificates of Deposit	80%	-
Repurchase Agreements	100%	-
Flex Agreements by bond fund	100%	-
Local Government Investment Pools	100%	75.60%
Percent of pool ownership	10%	-
Money Market Mutual Funds	100%	2.47%
Percent of pool ownership	10%	-
Interest bearing accounts	100%	-
Brokered Certificates of Deposit	10%	-
State and Local Debt Obligations	80%	-
Commercial Paper	15%	-

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, 2018, 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.

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As of December 31, 2018, the portfolio contained six 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	2.090%	9/12/2018	1/23/2020	1/23/2019	Callable quarterly with 5 days notice	\$ 6,990,713	\$ 6,972,819
FHLMC	1.850%	11/29/2018	7/13/2020	1/13/2019	Callable anytime with 5 days notice	4,977,459.00	4,943,540.00
FNMA	1.200%	5/25/2018	5/23/2019	2/23/2019	Callable quarterly with 10 days notice	10,000,000.00	10,000,000.00
FHLMC	1.300%	10/28/2016	10/25/2019	1/25/2019	Callable quarterly with 5 days notice	10,000,000.00	9,892,490.00
FFCB	1.230%	11/8/2016	1/25/2019	1/25/2017	Callable anytime with 5 days notice	5,000,000.00	4,996,705.00
FFCB	1.150%	11/8/2016	2/22/2019	2/22/2017	Callable anytime with 5 days notice	5,000,000.00	4,992,045.00
TOTAL						\$ 41,968,172	\$ 41,797,599

Abbreviations:

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

3. RECEIVABLES

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

	2018
Trade receivables	\$ 13,954,524
Damage claims receivable	220,055
Accrued revenues - capital recovery lease provision	* 13,444,842
	27,619,421
Net of allowance for uncollectibles	(741,767)
Receivables, net	26,877,654
Less: Non-current account receivable	* (4,294,615)
Current account receivable	\$ 22,583,039

* Accrued revenues were recorded in 2018 for lease provisions that will be billed in future years and are further explained in Note 6 of the Notes to the Financial Statements.

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4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 96,467,773	\$ 21,053,259	\$ -	\$ 117,521,032
Channel and waterfront improvements	31,530,381	26,678,317	-	58,208,698
Intangibles	387,429	-	-	387,429
Construction in progress	154,887,001	69,052,252	-	223,939,253
Total capital assets, not being depreciated	283,272,584	116,783,828	-	400,056,412
Capital assets, being depreciated:				
Port facilities	271,234,726	23,600,036	592,900	294,241,862
Buildings and improvements	87,825,943	6,847,283	15,551	94,657,675
Machinery and equipment	47,379,328	1,261,329	405,147	48,235,510
Intangibles	2,743,241	22,770	85,748	2,680,263
Total capital assets, being depreciated	409,183,238	31,731,418	1,099,346	439,815,310
Less: accumulated depreciation for				
Port facilities	136,548,670	7,999,469	533,885	144,014,254
Buildings and improvements	44,538,960	3,336,671	15,551	47,860,080
Machinery and equipment	32,670,519	2,657,340	393,610	34,934,249
Intangibles	2,547,460	156,281	85,747	2,617,994
Total accumulated depreciation	216,305,609	14,149,761	1,028,793	229,426,577
Total capital assets, being depreciated, net	192,877,629	17,581,657	70,553	210,388,733
Total capital assets, net	\$ 476,150,213	\$ 134,365,485	\$ 70,553	\$ 610,445,145

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, 2018, minimum lease revenues under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending	
2019	\$ 15,925,854
2020	13,944,303
2021	15,247,590
2022	10,591,547
2023	9,620,541
Thereafter	79,113,017
Total	\$ 144,442,852

As of December 31, 2018, \$29,011,870 had been received in advance payments and \$5,752,941 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. Certain proceeds of the Bonds were used to pay the costs of issuing the Bonds. 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. Interest is payable on June 1 and December 1 of each year.

On August 8, 2018, the Authority issued senior lien revenue bonds, Series 2018A (Non-AMT) in the amount of \$92,530,000 to pay a portion of the costs of the construction, acquisition, and equipping of the Corpus Christi Ship Channel Project (main channel deepening and widening and barge lane separable elements), and Series 2018B (Taxable) in the amount of \$115,000,000 to pay the costs of the acquisition, design, construction, reconstruction, repair, rehabilitation, improvement and equipping of Port Facilities contained in the Authority's capital improvement program, including the acquisition of land for authorized Authority purposes and construction of the Corpus Christi Ship Channel Project. Certain proceeds of the Bonds were used to pay the costs of issuing the bonds and establishing the Debt Service Reserve Account as defined by the bond resolutions. The source of repayment, includes the Net Operating Revenues as defined in the Master Resolution, however the lien and pledge securing these bonds shall be junior and subordinate to the lien on and pledge of Net Operating Revenues made for the security and payment of the Prior Lien Bonds and the deposits required by the Prior Lien Resolution to the Prior Lien Interest and Sinking Fund and the Prior Lien Reserve Fund while the Prior Lien Bonds are outstanding. Interest is payable June 1 and December 1 of each year.

Total interest expense for the year ended December 31, 2018 was \$7,610,332.

At December 31, 2018, revenue bonds currently outstanding are as follows:

	Interest Rate %	Issue Date	Maturity Date	Outstanding
Revenue Bonds, Series 2015 (Taxable)	7.9-4.6	05/01/2015	12/01/2035	\$ 101,795,000
Senior Lien Revenue Bonds, Series 2018A (non-AMT)	4-5	08/01/2018	12/01/2048	92,530,000
Senior Lien Revenue Bonds, Series 2018B (Taxable)	2.9-5	08/01/2018	12/01/2048	115,000,000
Total				\$ 309,325,000

A statement of changes in long-term debt for the year ended December 31, 2018, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 106,245,000	\$ 207,530,000	\$ 4,450,000	\$ 309,325,000	\$ 4,530,000
Bond premium	-	17,463,963	346,939	17,117,024	
Total	\$ 106,245,000	\$ 224,993,963	\$ 4,796,939	\$ 326,442,024	\$ 4,530,000

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Total debt service requirements as of December 31, 2018, are as follows:

Years Ending	Principal	Interest	Totals
2019	\$ 4,530,000	\$ 13,803,917	\$ 18,333,917
2020	6,635,000	13,701,629	20,336,629
2021	8,580,000	13,522,008	22,102,008
2022	8,870,000	13,235,090	22,105,090
2023	9,175,000	12,923,721	22,098,721
Thereafter	271,535,000	170,511,479	442,046,479
Total	\$ 309,325,000	\$ 237,697,844	\$ 547,022,844

UNEARNED REVENUES

The Authority receives advance payments for operating lease contracts and FTZ fees and those revenues will be recorded over the terms of these agreements as follows:

Years Ending	Operating Leases	FTZ	Totals
2019	\$ 4,410,238	\$ 10,000	\$ 4,420,238
2020	3,132,807	-	3,132,807
2021	3,044,335	-	3,044,335
2022	3,033,484	-	3,033,484
2023	2,952,259	-	2,952,259
Thereafter	18,191,688	-	18,191,688
Total	\$ 34,764,811	\$ 10,000	\$ 34,774,811

The Authority entered into a lease agreement with a 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 three 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 unbilled 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	Totals
2019	\$ 457,040
2020	457,040
2021	457,040
2022	457,040
2023	457,040
Thereafter	5,004,925
Total	\$ 7,290,125

COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2018, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 1,409,943	\$ 942,087	\$ 857,739	\$ 1,494,291	\$ 857,739
Sickleave	2,944,499	558,916	676,054	2,827,361	676,054
Total	\$ 4,354,442	\$ 1,501,003	\$ 1,533,793	\$ 4,321,652	\$ 1,533,793

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 TCERS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 760 defined benefit pension plans which function similarly to cash balance-account plans. TCERS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCERS Board of Trustees at Barton Oaks Plaza IV, Suite 500, 901 South MoPac Expressway, Austin, Texas 78746 or is available on their website at www.tcders.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 5 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 5 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 2018 was 4.45 percent, however the governing body of the Authority adopted the rate of 7 percent for calendar year 2018. 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 \$1,145,090 and \$1,145,090, respectively for the year ended December 31, 2018.

Employees Covered by Benefit Terms

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

	December 31, 2017
Retirees or beneficiaries currently receiving benefits	100
Inactive employees entitled to but not yet receiving benefits	52
Active employees	218
	<u>370</u>

Actuarial Assumptions

The actuarial assumptions that determined the total net pension asset as of December 31, 2018 was based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB Statement 68.

The actuarial valuations were determined using the following actuarial assumptions:

Actuarial Valuation Date	<u>December 31, 2017</u>
Actuarial Cost Method	Individual Entry Age Normal
Long-term Investment Rate of Return	8.10%
Discount Rate	8.10%
Inflation Rate	2.75%
Projected Salary Increase Rates:	
General Wage Inflation	3.25%
Merit, Promotion, Longevity	<u>1.60%</u>
Total Projected Salary Increase Rate	4.85%
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
Disability	Experience-based table with rates of disability ranging from .008% at age 28 to .27% at age 59; members who become disabled are eligible to commence benefit payments regardless of age
Mortality-for the actuarial valuation:	
Depositing members	90% of the RP-2014 Active Mortality Table, projected with 110% of the MP-2014 Ultimate scale after 2014
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

Discount Rate

The discount rate used to determine the total pension liability as of December 31, 2018 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	Current Discount Rate	1% Increase
	<u>7.10%</u>	<u>8.10%</u>	<u>9.10%</u>
Net pension liability/ (asset)	\$ 3,080,572	\$ (2,868,315)	\$ (7,997,171)

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, 2018 information for a 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 2017.

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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	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities- Developed Markets	MSCI World Ex USA (net) Index	11.00%	4.55%
International Equities- Emerging Markets	MSCI EM Standard (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

(1) Target Asset Allocation was adopted at the April, 2018 TCDRS Board meeting

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 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.

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Net Pension Asset

The Net Pension Liability is the difference between the Total Pension Asset and the plan's Fiduciary Net Position. For the year ended December 31, 2018, the Authority's Net Pension Liability was measured as of December 31, 2017, and the Total Pension Asset was determined by an actuarial valuation as of that date.

The changes in net pension liability for the measurement date of December 31, 2017 based on the actuarial date of December 31, 2017 is reflected below:

Changes in Net Pension Liability/ (Asset)	Increase (Decrease)		Net Position Liability/ (Asset)
	Total Pension Liability	Fiduciary Net Position	
Balances as of December 31, 2016	\$ 49,030,729	\$ 48,446,820	\$ 583,909
Changes for the Year:			
Service cost	1,583,238	-	1,583,238
Interest on total pension liability (1)	4,007,179	-	4,007,179
Effect of plan changes (2)	60,522	-	60,522
Effect of economic/demographic gains or losses	(151,261)	-	(151,261)
Effect of assumptions changes or inputs	213,158	-	213,158
Refund of contributions	(94,741)	(94,741)	-
Benefit payments	(2,235,883)	(2,235,883)	-
Administrative expenses	-	(36,764)	36,764
Member contributions	-	1,068,177	(1,068,177)
Net investment income	-	7,068,420	(7,068,420)
Employer contributions	-	1,068,177	(1,068,177)
Other (3)	-	(2,950)	2,950
Balances as of December 31, 2017	\$ 52,412,941	\$ 55,281,256	\$ (2,868,315)

1) Reflects the change in the liability due to the time value of money

2) Reflected plan changes adopted effective in 2018

3) Relates to allocation of system-wide items

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For the year ended December 31, 2018, the Authority recognized pension expense as follows:

	January 1, 2017 to December 31, 2017
Service cost	\$ 1,583,238
Interest on total pension liability	4,007,179
Effect of plan changes	60,522
Administrative expenses	36,764
Member contributions	(1,068,177)
Expected investment return net of investment expenses	(3,914,901)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(73,068)
Recognition of assumption changes or inputs	110,390
Recognition of investment gains or losses	407,857
Other (allocated system-wide items)	2,950
Pension expense	\$ 1,152,754

For the year ended December 31, 2018, 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	\$ 190,204	\$ 661,697
Changes of assumptions	402,223	-
Net difference between projected and actual earnings	-	509,006
Contributions made subsequent to measurement date	1,145,090	-
TOTALS	\$ 1,737,517	\$ 1,170,703

Deferred inflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,145,090 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2018 (i.e. recognized in the Authority's financial statements December 31, 2019). Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2018	\$ 445,180
2019	319,211
2020	(625,827)
2021	(727,156)
2022	10,316
Total	\$ (578,276)

8. OTHER POST EMPLOYMENT BENEFITS (OPEB)

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) replaces previous authoritative literature. For plans that do not have formal trusts, GASB Statement No. 75 requires state and local government employers to recognize the total OPEB liability and the related OPEB expense on their financial statements along with the related deferred outflows and inflows of resources. In addition to the deferred outflows/inflows associated with plan experience and assumption changes, the standard requires the benefits payments and administrative costs incurred subsequent to the measurement date and before the end of the employer's reporting period to be reported as a deferred outflow of resources. The Authority is required to obtain an actuarial valuation at least once every two years in accordance with GASB 75 standards. The Authority's latest valuation is dated as of January 1, 2017 with the measurement date of December 31, 2018. There have been no significant changes between the valuation date and the measurement date.

Plan Description

The Authority has a single-employer plan and provides postretirement healthcare benefits to eligible retired employees and their spouses through provisions enacted by the authority of the Port Commission. At December 31, 2018, seven 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 Authority does not cover benefits after Medicare eligibility. Coverage is offered to spouses of retirees who are currently receiving benefits and spousal coverage ceases upon the retiree's attainment of age 65. Medical coverage is not available in the event of disability prior to eligibility for retirement.

The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to fund the plan.

Funding Policy

The Authority's contribution to the plan consists of pay-as-you-go claims in excess of the retiree contributions for the year. Retiree's contributions are based on same rates paid by active employees dependent upon coverage levels selected. For the year ended December 31, 2018 retirees contributed \$4,720 for healthcare benefits under the plan and the Authority contributed \$63,710 which is the claims paid in excess of the premiums collected from the retirees.

Employees Covered by Benefit Terms

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

	<u>January 1, 2017</u>
Active employees	208
Retirees or beneficiaries currently receiving benefits	7
Spouses of retirees	<u>5</u>
	<u>220</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB No. 75:

Actuarial Valuation Date	January 1, 2017
Valuation Timing	The valuation is performed at January 1, 2017 with measurements date December 31, 2017 and December 31, 2018

	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Discount Rate (1)	3.44%	4.10%
Inflation	2.30%	2.30%
Coverage Assumptions	100% of active eligible employees are assumed to continue coverage at retirement	
Marriage Assumptions	85% of employees and retirees are assumed to have a covered spouse in retirement	
Medical Inflation	Dental assumptions remain constant from 2017-2079 at 2.9% Medical/pharmacy assumptions range from 2017 at 5.4%, rising to 6.6% in the year 2021 and then dropping to 4.0% in the years 2079 and beyond	
Mortality	Sex Distinct RP-2000 Mortality as projected forward with Scale AA	
Retirement Rates	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; at age 75 retirement is assumed to occur immediately	
Projected Salary Increase Rates	Based on the 2016 TCDRS Report and range from 4.25% in the first year of service to .40% with 21 years or more of service	
Ad Hoc Post-employment Benefit Changes	None	

(1) The discount rate is based on the Bond Buyer's 20 year General Obligation Index immediately prior to or coincident with the measurement date.

Discount Rate

The Authority does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis, and therefore, the discount rate used to measure the total OPEB liability is the municipal bond rate. The discount rate used to measure the total OPEB liability as of the beginning of the measurement year was 3.44%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 4.10%, which amounted to an increase of .66%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with

20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 4.10%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.10%) or one percentage point higher (5.10%) than the current rate.

	<u>1% Decrease</u> 3.10%	<u>Current Discount Rate</u> 4.10%	<u>1% Increase</u> 5.10%
Total OPEB liability	\$ 1,829,183	\$ 1,755,845	\$ 1,686,676

Healthcare Trend Rate Sensitivity Analysis

The following presents the total OPEB liability of the Authority, calculated using the current healthcare cost trend rates as well as what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or one percentage point higher than the current trend rates.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,618,993	\$ 1,755,845	\$ 1,912,642

Total OPEB Liability

	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Total OPEB liability	\$ 1,693,799	\$ 1,755,845
Covered payroll	15,259,672	14,371,824
Total OPEB liability as a % of covered payroll	11.10%	12.22%

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

**Notes to Financial Statements
December 31, 2018**

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 total OPEB liability.

Changes in Total OPEB Liability	Increase (Decrease) in Total OPEB Liability
Balances as of December 31, 2017	\$ 1,693,799
Changes for the Year:	
Service cost	112,650
Interest on total OPEB liability	61,055
Effect of assumptions changes or inputs	(47,949)
Benefit payments	(63,710)
Balances as of December 31, 2018	\$ 1,755,845

For the year ended December 31, 2018, the Authority recognized OPEB expense as follows:

	January 1, 2018 to December 31, 2018
Service cost	\$ 112,650
Interest on total OPEB liability	61,055
Recognition of deferred inflows/outflows of resources:	
Recognition of assumption changes or inputs	(9,989)
OPEB expense	\$ 163,716

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

**Notes to Financial Statements
December 31, 2018**

For the year ended December 31, 2018, the Authority recorded deferred outflows and inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ -	\$ 37,960

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other post-employment benefits will be recognized in OPEB expense as follows:

Year ended December 31:		
2019	\$	(9,989)
2020		(9,989)
2021		(9,989)
2022		(7,993)
Total	\$	(37,960)

9. PRIOR YEAR RESTATEMENT

During the year ended December 31, 2018, the Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*. A restatement to beginning net position was required for the recording of the beginning net OPEB liability. Beginning net position as of January 1, 2018 has been restated as follows:

Beginning net position	\$	558,000,386
Prior period adjustment-implementation of GASB 75:		
Net OPEB obligation, December 31, 2017	756,349	
OPEB liability, December 31, 2017	(1,693,799)	
		(937,450)
Beginning net position as restated	\$	557,062,936

10. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2018, the Authority had remaining unpaid contractual construction and improvement commitments of approximately \$56,620,697. These commitments are being financed through operating revenues, bond proceeds, and capital grants.

11. 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, except that it cannot reach such conclusion at this time regarding the matters described below.

The Authority has an ongoing lawsuit in Nueces County, Texas, against the Port of Corpus Christi, LP, to enjoin them from the use of the Authority's name. In response, the Port of Corpus Christi, LP, filed a counterclaim against the Authority claiming damages in excess of \$250,000,000. The Authority does not intend to pay this amount and intends to vigorously contest the claims; however, it has not reached any judgment as to the likely outcome or the range or potential loss of this litigation.

The Port of Corpus Christi, LP, and 361 Holdings, LLC, filed a lawsuit in San Patricio County, Texas, against the Authority alleging past and future damage to their neighboring tracts of land and are seeking an injunction and damages in excess of \$1,000,000. The Authority does not intend to pay this amount and intends to vigorously contest the claims; however, it has not reached any judgment as to the likely outcome or the range of potential loss of this litigation.

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 \$4,804,125. 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, 2018, the liability of \$325,263 is comprised of estimated health claims of \$311,216 and estimated worker's compensation claims of \$14,047.

Changes in the balances of claims liabilities as of December 31, 2018 and 2017 are as follows:

	2018	2017
Unpaid claims, beginning of fiscal year	\$ 275,507	\$ 391,668
Incurred claims (including IBNRs)	3,577,784	4,180,444
Claim payments	(3,528,028)	(4,296,605)
Unpaid claims, end of fiscal year	\$ 325,263	\$ 275,507

FACILITIES FINANCING BONDS

The Authority and the Industrial Development Corporation (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, 2018, 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 \$3 million is outstanding as of December 31, 2018.

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

TxDOT has entered into a separate agreement with the Authority, the Corpus Christi Housing Authority of Nueces County, and the City of Corpus Christi for purposes of implementing the Voluntary Acquisition and Relocation Benefits Program. Under this agreement, the Authority will incur Acquisition Costs in carrying out the Voluntary Acquisition Plan and Relocation Program not to exceed \$20 million in eligible costs under the program. 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. 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, 2018, since the inception of the program, the Authority has incurred \$29,931,970 in property acquisition related costs and cumulative operational costs of the program in the amount of \$4,959,026. As the Authority has incurred expenditures in excess of \$20 million for the purposes above, TxDOT is reimbursing the Authority for the excess acquisition costs. As of December 31, 2018, the Authority has received or is in the process of billing \$14,761,550 for these eligible excess costs. In the year ended December 31, 2018, the Authority incurred \$1,786,441 in operational costs of the program and recognized \$17,544,442 in property acquisition related costs.

12. 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. 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. 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 fiscal year 2017. Insurance proceeds net of deductibles have been received as follows:

	2017	2018	TOTALS
Real property	\$ 100,000	\$ (7,805)	\$ 92,195
Preparedness and emergency repairs	59,882	37,815	97,697
Professional fees	2,508	133,727	136,235
Business income	901,695	-	901,695
Other costs	202,204	-	202,204
Total insurance proceeds	\$ 1,266,289	\$ 163,737	\$ 1,430,026

In addition to insurance proceeds, 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 26 projects pending that represent an estimated \$35.4 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.

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

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

PENSION PLAN:

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017
<u>TOTAL PENSION LIABILITY</u>				
Service Cost	\$ 1,020,446	\$ 1,261,508	\$ 1,646,309	\$ 1,583,238
Interest on Total Pension Liability	3,162,730	3,506,024	3,737,072	4,007,179
Effect of Plan Changes	2,280,346	(209,318)	-	60,522
Effect of Assumption Changes/Inputs	-	449,183	-	213,158
Effect of Economic/Demographic (Gains) or Losses	570,613	(217,150)	(640,607)	(151,261)
Benefit Payments/Contribution Refunds	(1,854,244)	(1,975,611)	(2,043,433)	(2,330,624)
Net Change in Total Pension Liability	5,179,891	2,814,636	2,699,341	3,382,212
Total Pension Liability, Beginning	38,336,862	43,516,753	46,331,389	49,030,729
Total Pension Liability, Ending	\$ 43,516,753	\$ 46,331,389	\$ 49,030,730	\$ 52,412,941
<u>FIDUCIARY NET POSITION</u>				
Employer Contributions	\$ 827,147	\$ 979,505	\$ 996,832	\$ 1,068,177
Member Contributions	827,147	979,505	996,832	1,068,177
Investment Income Net of Investment Expenses	2,888,058	(508,400)	3,346,977	7,068,420
Benefit Payments/Contribution Refunds	(1,854,244)	(1,975,611)	(2,043,433)	(2,330,624)
Administrative Expenses	(34,241)	(32,747)	(36,388)	(36,764)
Other	19,158	44,753	(87,598)	(2,950)
Net Change in Fiduciary Net Position	2,673,025	(512,995)	3,173,222	6,834,436
Fiduciary Net Position, Beginning	43,113,568	45,786,593	45,273,598	48,446,820
Fiduciary Net Position, Ending	\$ 45,786,593	\$ 45,273,598	\$ 48,446,820	\$ 55,281,256
<i>Net Pension Liability (Asset)</i>	\$ (2,269,840)	\$ 1,057,791	\$ 583,910	\$ (2,868,315)
<i>Fiduciary Net Position as a Percentage of Total Pension Asset</i>	105.22%	97.72%	98.81%	105.47%
<i>Annual Covered Payroll</i>	\$ 11,816,386	\$ 13,992,927	\$ 14,240,162	\$ 15,259,672
<i>Net Pension Asset as a Percentage of Covered Payroll</i>	(19.2%)	7.56%	4.10%	(18.8%)

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

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

<u>PENSION PLAN:</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 935,773	\$ 959,095	\$ 771,971	\$ 831,354	\$ 400,446	\$ 405,302	\$ 787,802	\$ 710,599	\$ 650,062	\$ 736,129
Actual Employer Contributions	1,253,776	1,302,474	1,158,484	6,508,045	791,841	827,147	979,505	996,832	1,068,177	1,145,090
Contribution Deficiency (Excess)	(318,003)	(343,379)	(386,513)	(5,676,691)	(391,395)	(421,845)	(191,703)	(286,233)	(418,115)	(408,961)
Annual Covered Payroll	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	16,358,432
Contribution as a Percentage of Covered Payroll	11.00%	11.00%	11.00%	59.26%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

NOTES TO SCHEDULE:

Valuation date: 12/31/2017

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 2018:

Actuarial Cost Method	Entry age normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.75%
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 (both projected with 110% of the MP-2014 Ultimate Scale after 2014)	130% of the RP-2014 Healthy Annuitant Mortality Table for males 110% of the RP-2014 Healthy Annuitant Mortality Table for females
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: Employer contributions reflect that the current service matching rate was increased to 125% 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017

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

**Required Supplementary Information (Unaudited)
Schedule of Changes in Total OPEB Liability and Related Ratios
Current Fiscal Year (Previous years are not available)**

TOTAL OPEB LIABILITY:

	Year Ending December 31, 2018
<u>TOTAL OPEB LIABILITY</u>	
Service Cost	\$ 112,650
Interest on Total OPEB Liability	61,055
Effect of Plan Changes	-
Effect of Assumption Changes/Inputs	(47,949)
Effect of Economic/Demographic (Gains) or Losses	-
Benefit Payments	(63,710)
Net Change in Total OPEB Liability	62,046
Total OPEB Liability, Beginning	1,693,799
Total OPEB Liability, Ending	\$ 1,755,845
 <i>Annual Covered Payroll</i>	 \$ 14,371,824
<i>Total OPEB Liability as a Percentage of Covered Payroll</i>	 12.22%

Notes to Schedule

Change of Assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

2017	3.44%
2018	4.10%

SUPPLEMENTAL SCHEDULES



The Port of Corpus Christi received the “Deal of the Year” award at the 2018 Lloyd’s List Americas Awards gala in Houston, Texas. Lloyd’s List is a leading shipping industry publication and maritime intelligence organization, whose awards highlight companies and individuals who exhibit unparalleled commitment to safety, innovation in technology and boldness in business dealings.



PORT CORPUS CHRISTI®

Port of Corpus Christi Authority of Nueces County, TX

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

**Schedule of Revenues and Expenses
Actual and Budget (GAAP Basis)
For the Year Ended December 31, 2018**

	<u>Actual</u>	<u>Budget</u>	<u>Variance (%)</u>
OPERATING REVENUES:			
Wharfage	\$ 50,487,100	\$ 53,117,848	(5)
Dockage	15,310,185	13,513,588	13
Security fees	9,014,385	9,278,669	(3)
Freight handling	4,033,418	3,948,561	2
Rail Charges	2,552,814	2,875,536	(11)
Building and land rentals	18,591,803	15,482,043	20
Conference center services	2,017,419	2,323,468	(13)
FTZ user fees	241,833	224,000	8
Dredge placement fees	436,910	-	100
Other	2,930,524	1,134,301	158
Insurance proceeds, Hurricane Harvey	163,737	-	100
<i>Total Operating Revenues</i>	<u>105,780,128</u>	<u>101,898,014</u>	<u>4</u>
OPERATING EXPENSES:			
Maintenance and operations	24,934,261	24,465,131	(2)
General and administrative	25,435,988	24,254,848	(5)
Hurricane Harvey related repairs	963,247	-	(100)
Depreciation	14,149,761	12,581,831	(12)
<i>Total Operating Expenses</i>	<u>65,483,257</u>	<u>61,301,810</u>	<u>(7)</u>
<i>Operating Income</i>	<u>40,296,871</u>	<u>40,596,204</u>	<u>(1)</u>
NON-OPERATING REVENUES (EXPENSES):			
Investment income	4,807,322	1,369,114	251
Federal and other grant assistance	266,930	-	100
Interest expense and fiscal charges	(7,697,446)	(4,063,293)	89
Bond issuance expenses	(1,993,237)	-	(100)
Contributions from Harbor Bridge Project	14,761,550	24,183,733	(39)
Contributions to Harbor Bridge Project	(1,786,441)	(15,434,400)	(88)
Contributions to other governmental agencies	(3,000,000)	(3,000,000)	0
Loss on disposal of assets	(61,064)	-	(100)
<i>Net Non-Operating Revenues</i>	<u>5,297,614</u>	<u>3,055,154</u>	<u>(73)</u>
<i>Income Before Capital Grants and Contributions</i>	<u>45,594,485</u>	<u>43,651,358</u>	<u>4</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>3,720,723</u>	<u>-</u>	<u>100</u>
<i>Change in Net Position</i>	<u>\$ 49,315,208</u>	<u>\$ 43,651,358</u>	<u>13</u>

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

**Schedules of Maintenance and
Operations and General and
Administrative Expenses
For the Year Ended December 31, 2018**

MAINTENANCE AND OPERATIONS:

Employee services	\$ 9,646,909
Maintenance	4,024,567
Utilities	910,486
Telephone	85,140
Insurance & claims	1,493,288
Professional services	4,219,869
Police expenses	59,019
Contracted services	2,265,625
Office and equipment rental	104,596
Operator and event expenses	1,789,206
Safety/Environmental	83,477
General	252,079
<i>Total Maintenance and Operations</i>	<u><u>\$ 24,934,261</u></u>

GENERAL AND ADMINISTRATIVE:

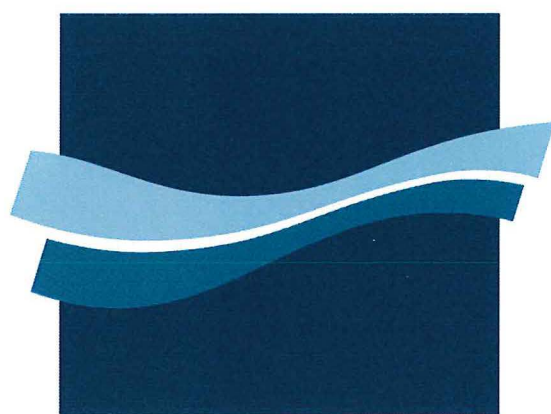
Employee services	\$ 13,209,035
Maintenance	1,038,631
Utilities	162,956
Telephone	118,665
Insurance & claims	117,385
Professional services	6,438,267
Police expenses	1,619
Contracted services	88,067
Office and equipment rental	148,149
Administrative	2,915,142
Trade and sales development	196,164
Media advertising	238,775
Production	55,459
Safety/Environmental	35,440
General	672,234
<i>Total General and Administrative</i>	<u><u>\$ 25,435,988</u></u>

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

**Schedules of Facilities Financing Bonds
December 31, 2018**

<u>Description</u>		<u>Interest Rates</u>	<u>Issue Date</u>	<u>Series Maturity</u>	<u>Original Amount</u>	<u>Balance Outstanding</u>
Environmental Facilities Revenue Bonds:						
Citgo Petroleum, Series 2003	*	8.250%	05/01/2003	2031	39,200,000	19,300,000
Citgo Petroleum, Series 2006	*	Variable	10/01/2006	2036	50,000,000	50,000,000
Citgo Petroleum, Series 2007	*	Variable	05/01/2007	2037	45,000,000	45,000,000
Citgo Petroleum, Series 2008	*	Variable	04/01/2008	2043	50,000,000	50,000,000
Solid Waste Disposal Revenue Bonds:						
Flint Hills Res., Series 2002A		Variable	10/01/2002	2029	125,000,000	125,000,000
Flint Hills Res., Series 2002B		Variable	10/01/2002	2029	11,700,000	11,700,000
Flint Hills Res., Series 2003		Variable	04/01/2003	2028	19,500,000	19,500,000
Flint Hills Res., Series 2005		Variable	03/01/2005	2030	25,000,000	25,000,000
Flint Hills Res., Series 2006		Variable	04/01/2006	2030	42,000,000	42,000,000
Flint Hills Res., Series 2007		Variable	10/01/2007	2032	35,000,000	35,000,000
Total					<u>\$ 442,400,000</u>	<u>\$ 422,500,000</u>

* - Issued by the Industrial Development Corporation (IDC)



PORTCORPUSCHRISTI

STATISTICAL SECTION



Delegates from the Port of Corpus Christi met with Texas Governor Greg Abbott and Texas Commission on Environmental Quality (TCEQ) Commissioners in Austin when they received the 2018 Texas Environmental Excellence Award (TEEA) in Pollution Prevention, presented by TCEQ.



PORT CORPUS CHRISTI®

Port of Corpus Christi Authority of Nueces County, TX

Statistical Section

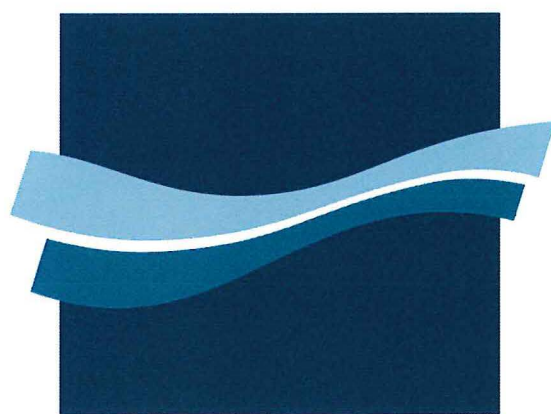
(Unaudited)

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

	<u>Page</u>
Financial Trends	57
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Revenue Capacity	61
These schedules contain information to help the reader access the factors affecting the Authority's ability to generate its most significant revenue sources.	
Debt Capacity	67
These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.	
Demographic and Economic Information	69
These schedules offer demographic and economic indicators to help the reader understand the environment with which the Authority's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	71
These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs.	
Additional Information	77
These schedules contain information as part of the Authority's effort to meet Continuing disclosure requirements related to outstanding bonds as permitted by SEC Rule 15c2-12.	

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



PORTCORPUSCHRISTI

TABLE 1 (Unaudited)

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

**Changes in Net Position
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Operating revenues:										
Wharfage	\$ 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	\$ 50,487,100
Dockage	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	15,310,185
Security fees	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	9,014,385
Freight handling	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	4,033,418
Rail Charges	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491	2,552,814
Building and land rentals	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	18,591,803
Conference center services	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	2,017,419
Warehouse handling charges	596,168	426,093	368,950	-	-	-	-	-	-	-
FTZ user fees	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000	241,833
Dredge placement fees	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638	436,910
Other	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	2,930,524
Insurance proceeds, Hurricane Harvey	-	-	-	-	-	-	-	-	1,266,289	163,737
Total operating revenues	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	82,159,445	93,421,855	83,021,962	95,541,093	105,780,128
Investment income	584,849	478,291	467,494	163,804	283,544	341,754	518,374	1,184,692	2,417,838	4,807,322
Federal and other grant assistance	17,570	60,806	169,966	337,965	290,727	180,655	227,714	152,412	146,950	266,930
Contributions from Harbor Bridge Commitment	-	-	-	-	-	-	-	-	-	14,761,550
Donation of personal property	-	225,825	4,500	-	-	-	-	-	-	-
Gain on disposal of assets	7,266	-	3,727,517	-	-	40,596	-	-	-	-
Total Revenues	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,722,450	94,167,943	84,359,066	98,105,881	125,615,930
Expenses										
Operating expenses:										
Maintenance and operations	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	24,934,261
General and administrative	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	25,435,988
Hurricane Harvey related repairs	-	-	-	-	-	-	-	-	233,054	963,247
Depreciation	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	14,149,761
Total operating expenses	45,788,170	47,352,835	49,972,660	54,295,680	45,547,062	51,569,715	53,762,541	55,291,313	57,940,480	65,483,257
Interest expense and fiscal charges	504,030	450,602	392,699	(51,908)	16,986	535	2,030,505	2,973,844	3,650,348	7,697,446
Bond issuance costs	20,735	10,743	-	-	-	-	1,139,597	-	-	1,993,237
Fiscal payments to subrecipients	-	-	-	128,730	-	-	-	-	-	-
Contributions to Harbor Bridge Commitment	-	-	-	-	-	-	-	1,885,410	1,287,176	1,786,441
Contributions to other government agencies	-	-	-	-	-	-	3,000,000	3,000,000	4,415,092	3,000,000
Loss on disposal of assets	-	8,643	-	9,517,670	102,957	-	5,829,882	67,638	3,590	61,064
Loss on impairment of capital assets	-	-	-	-	-	-	-	-	428,254	-
Total Expenses	46,312,935	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250	65,762,525	63,218,205	67,724,940	80,021,445
Income (Loss) Before Contributions	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	45,594,485
Capital Contributions	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	3,720,723
Changes in Net Position	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	49,315,208
Total Net Position, Beginning 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
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	1,835,648	-	-	937,450
Total Net Position, End of Year	\$ 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	\$ 606,378,144
Net Position at Year End										
Net investment in capital assets	\$ 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	406,391,881
Restricted	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709	36,031,915	21,222,100	23,479,446
Unrestricted	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	176,506,817
Total Net Position	\$ 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	\$ 606,378,144

TABLE 2 (Unaudited)

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

**Revenues by Source
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating Revenues:										
Wharfage	\$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	\$ 50,487,100
Dockage	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	15,310,185
Security fees	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	9,014,385
Freight handling	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	4,033,418
Rail Charges	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491	2,552,814
Building and land rentals	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	18,591,803
Conference center services	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	2,017,419
Warehouse handling charges	596,168	426,093	368,950	-	-	-	-	-	-	-
FTZ user fees	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000	241,833
Dredge placement fees	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638	436,910
Other	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	2,930,524
Insurance proceeds, Hurricane Harvey	-	-	-	-	-	-	-	-	1,266,289	163,737
	<u>\$46,425,890</u>	<u>\$52,279,852</u>	<u>\$58,698,961</u>	<u>\$62,432,414</u>	<u>\$77,467,953</u>	<u>\$82,159,445</u>	<u>\$93,421,855</u>	<u>\$83,021,962</u>	<u>\$95,541,093</u>	<u>\$ 105,780,128</u>
Non-Operating Revenues:										
Other:										
Investment income	\$ 584,849	\$ 478,291	\$ 467,494	\$ 163,804	\$ 283,544	\$ 341,754	\$ 518,374	\$ 1,184,692	\$ 2,417,838	\$ 4,807,322
Federal and other grant assistance	17,570	60,806	169,966	337,965	290,727	180,655	227,714	152,412	146,950	266,930
Contributions from Harbor Bridge commitment	-	-	-	-	-	-	-	-	-	14,761,550
Donation of personal property	-	225,825	4,500	-	-	-	-	-	-	-
Gain on disposal of assets	7,266	-	3,727,517	-	-	40,596	-	-	-	-
	<u>\$ 609,685</u>	<u>\$ 764,922</u>	<u>\$ 4,369,477</u>	<u>\$ 501,769</u>	<u>\$ 574,271</u>	<u>\$ 563,005</u>	<u>\$ 746,088</u>	<u>\$ 1,337,104</u>	<u>\$ 2,564,788</u>	<u>\$ 19,835,802</u>

TABLE 3 (Unaudited)

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

**Expenses by Type
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 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	\$ 9,646,909
Maintenance	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	4,024,567
Utilities	1,631,307	1,702,868	2,327,822	1,735,122	902,342	1,004,905	1,073,706	980,564	936,770	910,486
Telephone	26,436	35,286	101,960	94,604	85,538	80,639	78,674	90,885	88,096	85,140
Insurance & claims	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	1,493,288
Professional services	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991	1,160,192	914,565	4,219,869
Police expenses	55,218	66,434	14,233	24,006	14,435	16,461	31,320	21,710	30,368	59,019
Contracted services	1,426,265	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137	1,334,780	1,680,388	1,849,059	2,265,625
Office and equipment rental	97,627	73,983	142,778	65,037	55,691	79,023	109,355	96,681	126,387	104,596
Operator and event expenses	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	1,789,206
Warehouse supplies	44,700	9,037	8,024	-	-	-	-	-	-	-
Safety/Environmental	71,246	69,075	83,442	77,086	98,478	107,859	70,797	84,493	87,427	83,477
General	196,113	129,909	185,198	175,307	220,554	494,274	876,438	242,219	216,267	252,079
	<u>\$20,697,782</u>	<u>\$20,248,511</u>	<u>\$22,760,814</u>	<u>\$22,721,681</u>	<u>\$18,144,056</u>	<u>\$23,367,865</u>	<u>\$ 21,470,411</u>	<u>\$21,435,640</u>	<u>\$21,066,636</u>	<u>\$24,934,261</u>
General and Administrative:										
Employee services	\$ 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	\$13,209,035
Maintenance	432,088	453,408	501,087	509,303	530,688	648,221	759,004	948,956	756,368	1,038,631
Utilities	224,245	172,703	194,864	171,122	149,405	159,148	160,630	162,490	173,577	162,956
Telephone	209,267	196,626	115,447	100,921	73,896	83,776	91,439	97,984	99,596	118,665
Insurance & claims	96,638	124,620	92,492	97,774	429,990	99,451	109,887	148,816	124,462	117,385
Professional services	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	6,438,267
Police expenses	174	82	82	-	190	1,616	1,227	233	1,150	1,619
Contracted services	64,213	151,445	100,952	59,756	23,431	26,167	49,477	143,210	93,104	88,067
Office and equipment rental	40,406	59,809	65,104	76,941	92,118	86,761	99,176	123,574	158,778	148,149
Administrative	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	2,915,142
Trade and sales development	204,427	157,237	184,528	188,894	200,500	209,900	165,955	172,765	174,973	196,164
Media advertising	108,425	206,557	195,766	190,661	225,363	232,608	311,184	327,641	354,200	238,775
Production	48,319	25,678	24,222	21,774	33,424	41,061	74,566	23,768	39,581	55,459
Safety/Environmental	22,681	21,544	23,299	23,651	26,732	28,007	43,037	45,881	29,398	35,440
General	25,185	42,294	25,752	8,965	185,250	92,943	23,172	32,841	8,799	672,234
	<u>\$15,029,743</u>	<u>\$14,939,210</u>	<u>\$13,830,284</u>	<u>\$17,835,428</u>	<u>\$15,378,025</u>	<u>\$15,891,293</u>	<u>\$ 19,469,477</u>	<u>\$20,715,616</u>	<u>\$23,263,150</u>	<u>\$25,435,988</u>
Hurricane Harvey related repairs	-	-	-	-	-	-	-	-	233,054	963,247
Depreciation	<u>\$10,060,645</u>	<u>\$12,165,114</u>	<u>\$13,381,562</u>	<u>\$13,738,571</u>	<u>\$12,024,981</u>	<u>\$12,310,557</u>	<u>\$ 12,822,653</u>	<u>\$13,140,057</u>	<u>13,377,640</u>	<u>14,149,761</u>
Non-Operating Expenses:										
Other:										
Interest	\$ 504,030	\$ 450,602	\$ 392,699	\$ (51,908)	\$ 16,986	\$ 535	\$ 2,030,505	\$ 2,973,844	\$3,650,348	\$7,697,446
Bond issuance expenses	-	-	-	-	-	-	1,139,597	-	-	1,993,237
Contributions to Harbor Bridge commitment	-	-	-	-	-	-	-	1,885,410	1,287,176	1,786,441
Other	20,735	19,386	-	9,646,400	102,957	-	8,829,882	3,067,638	4,846,936	3,061,064
	<u>\$ 524,765</u>	<u>\$ 469,988</u>	<u>\$ 392,699</u>	<u>\$ 9,594,492</u>	<u>\$ 119,943</u>	<u>\$ 535</u>	<u>\$ 11,999,984</u>	<u>\$ 7,926,892</u>	<u>\$ 9,784,460</u>	<u>\$14,538,188</u>

TABLE 4 (Unaudited)

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

**Financial Performance Indicators
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating Revenues (OR)	\$ 46,425,890	\$ 52,279,852	\$ 58,698,961	\$ 62,432,414	\$ 77,467,953	\$ 82,159,445	\$ 93,421,855	\$ 83,021,962	\$ 95,541,093	\$ 105,780,128
Operating Expenses (OE) *	(35,727,525)	(35,187,721)	(36,591,098)	(40,557,109)	(33,522,081)	(39,259,158)	(40,939,888)	(42,151,256)	(44,562,840)	(51,333,496)
Net Operating Income (NOI)	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	54,446,632
Non-Operating Revenues	609,685	764,922	4,369,477	501,769	574,271	563,005	746,088	1,337,104	2,564,788	19,835,802
Non-Operating Expenses	(524,765)	(469,988)	(392,699)	(9,594,492)	(119,943)	(535)	(11,999,984)	(7,926,892)	(9,784,460)	(14,538,188)
Net Income "A" (NI"A")	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	59,744,246
Depreciation	(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)	(14,149,761)
Net Income (Loss) "B" (NI"B")	\$ 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	\$ 45,594,485
Net Capital Assets (NCA) **	\$ 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	\$ 386,505,892
Total Assets (TA)	\$ 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	\$ 993,775,538

Operating Indicators:

Operating ROI (NOI/NCA)	4.95%	5.51%	7.18%	10.66%	18.55%	17.74%	17.62%	13.79%	15.87%	14.09%
Operating Margin (NOI/OR)	23.04%	32.69%	37.66%	35.04%	56.73%	52.22%	56.18%	49.23%	53.36%	51.47%
Operating Ratio (OE/OR)	76.96%	67.31%	62.34%	64.96%	43.27%	47.78%	43.82%	50.77%	46.64%	48.53%

Other ROI Indicators:

ROI "A" (NI"A"/TA)	4.06%	4.54%	6.52%	3.20%	10.20%	8.96%	6.60%	5.06%	6.04%	6.01%
ROI "B" (NI"B"/TA)	0.27%	1.36%	3.18%	-0.24%	7.44%	6.42%	4.54%	3.12%	4.19%	4.59%

* - Excludes Depreciation

** - Excludes Construction in Progress

TABLE 5 (Unaudited)

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

**Port Commerce By Commodity
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Commodity By Port Division - Short tons										
Inner Harbor										
Break Bulk	133,037	157,781	122,055	214,010	62,310	133,938	238,695	248,471	389,264	451,029
Grain	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	2,601,336
Chemical	43,982	37,814	58,377	58,066	41,198	99,979	135,841	105,512	99,706	106,263
Dry Bulk	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	2,868,385
Liquid Bulk	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901	514,887
Crude	19,666,640	20,676,801	19,004,324	19,675,302	27,725,999	35,619,488	40,612,622	28,619,578	25,910,096	28,167,840
Petroleum	36,919,700	40,486,227	40,442,243	40,718,504	40,091,495	42,653,836	42,714,963	45,396,299	44,977,499	47,263,872
Total	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	81,973,612
La Quinta										
Break Bulk	-	1,369	-	-	3,551	105,282	111,346	85,069	163,313	170,135
Chemical	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	2,279,158
Dry Bulk	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	4,085,546
Crude	-	-	-	-	-	-	-	-	-	-
Petroleum	18,766	22,404	41,750	25,319	14,228	23,906	17,370	23,548	34,454	217,530
Total	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	6,752,369
Ingleside										
Break Bulk	178,826	169,609	175,551	175,287	263,119	31,458	58,348	12,271	2,020	67
Dry Bulk	-	7,012	4,615	10,742	829	5,274	2,804	345	4,383	273
Crude	6,666,566	6,322,979	4,630,072	3,445,503	4,871,560	5,891,206	4,904,927	5,982,277	15,733,332	17,497,170
Petroleum	993,849	1,392,450	700,757	1,511,714	1,556,391	195,976	598,584	216,184	15,913	13,861
Total	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	17,511,371
Rincon Point										
Break Bulk	6,130	10,500	9,025	1,669	-	-	-	-	1,124	54
Grain	-	12,503	31,726	15,312	11,235	1,600	-	-	-	-
Dry Bulk	1,734	12,291	48,647	25,790	5,835	-	-	-	-	-
Total	7,864	35,294	89,398	42,771	17,070	1,600	-	-	1,124	54
Total	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	106,237,406
Commodity Totals - Short tons										
Break Bulk	317,993	339,259	306,631	390,966	328,980	270,678	408,389	345,811	555,721	621,285
Grain	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	2,601,336
Chemical	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	2,385,421
Dry Bulk	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	6,954,204
Liquid Bulk	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901	514,887
Crude	26,333,206	26,999,780	23,634,396	23,120,805	32,597,560	41,510,694	45,517,549	34,601,855	41,643,428	45,665,010
Petroleum	37,932,316	41,901,081	41,184,750	42,255,537	41,662,114	42,873,718	43,330,918	45,636,031	45,027,866	47,495,263
Total	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	106,237,406

TABLE 5 (Unaudited - Continued)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

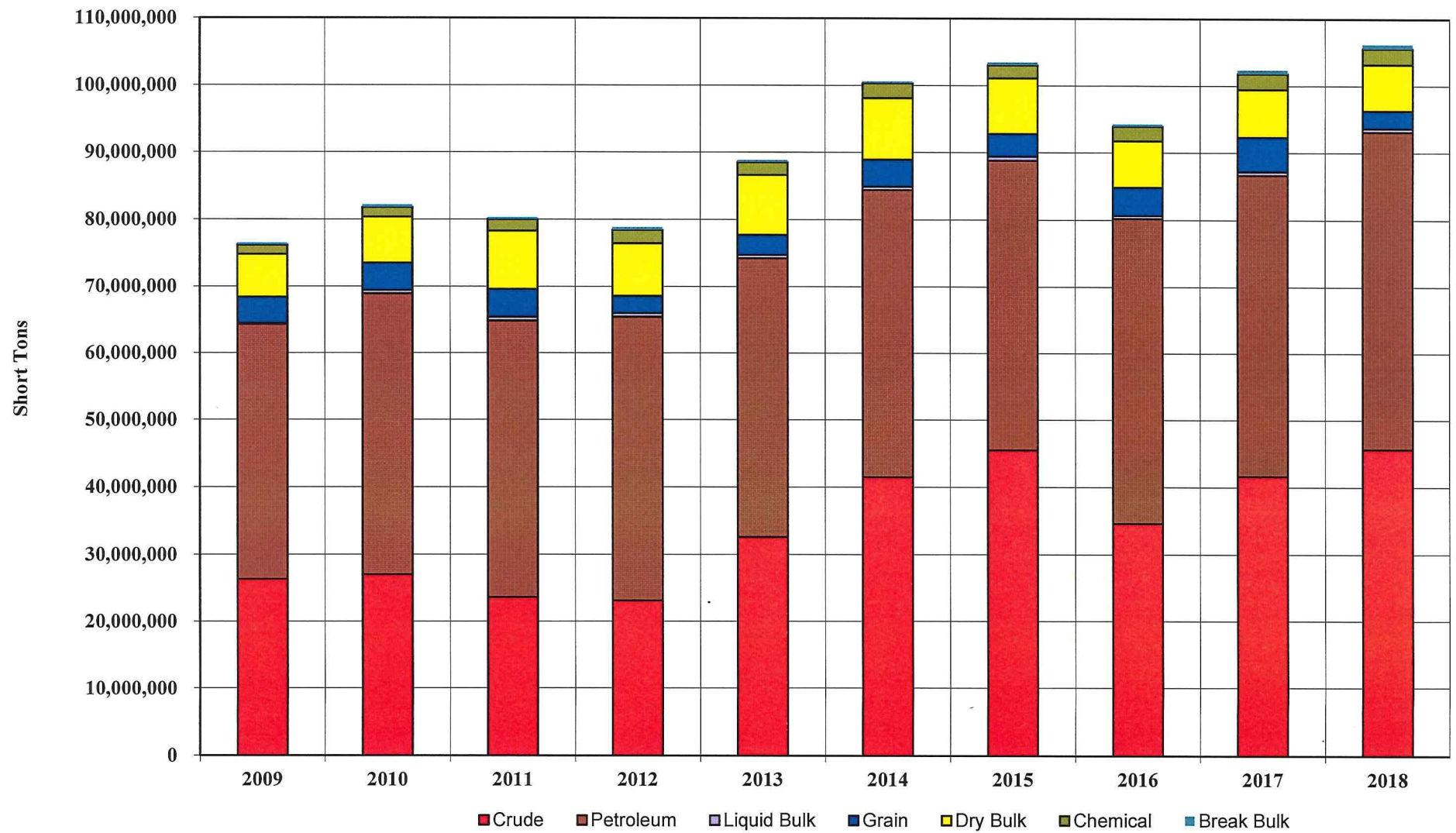


TABLE 6 (Unaudited)

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

**Vessel Traffic
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Inner Harbor										
<i>Ships</i>										
Dry Cargo	250	267	280	226	224	223	283	293	280	200
Tankers	746	783	780	760	873	986	1,143	1,039	1,110	1,151
<i>Barges</i>	3,700	4,168	3,878	4,580	5,087	6,475	5,479	4,478	4,153	4,304
<i>Total Vessels</i>	4,696	5,218	4,938	5,566	6,184	7,684	6,905	5,810	5,543	5,655
La Quinta Harbor										
<i>Ships</i>										
Dry Cargo	123	124	117	114	125	130	104	88	102	70
Tankers	62	69	101	116	114	130	124	140	167	136
<i>Barges</i>	80	124	90	59	88	101	118	80	346	321
<i>Total Vessels</i>	265	317	308	289	327	361	346	308	615	527
Harbor Island										
<i>Ships</i>										
Dry Cargo	-	-	-	-	-	-	-	-	-	4
Tankers	-	-	-	-	5	-	-	-	-	-
<i>Barges</i>	-	-	1	-	2	-	-	-	-	-
<i>Total Vessels</i>	-	-	1	-	7	-	-	-	-	4
Ingleside Harbor										
<i>Ships</i>										
Dry Cargo	24	59	42	37	29	60	31	35	12	19
Tankers	107	105	75	65	94	70	89	89	169	185
<i>Barges</i>	67	67	51	123	225	353	190	124	142	75
<i>Total Vessels</i>	198	231	168	225	348	483	310	248	323	279
Rincon Point										
<i>Barges</i>	2	3	2	2	6	-	-	-	1	2
<i>Total Vessels</i>	2	3	2	2	6	-	-	-	1	2
Total										
<i>Ships</i>										
Dry Cargo	397	450	439	377	378	413	418	416	394	293
Tankers	915	957	956	941	1,086	1,186	1,356	1,268	1,446	1,472
<i>Barges</i>	3,849	4,362	4,022	4,764	5,408	6,929	5,787	4,682	4,642	4,702
<i>Total Vessels</i>	5,161	5,769	5,417	6,082	6,872	8,528	7,561	6,366	6,482	6,467

TABLE 6 (Unaudited - Continued)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years

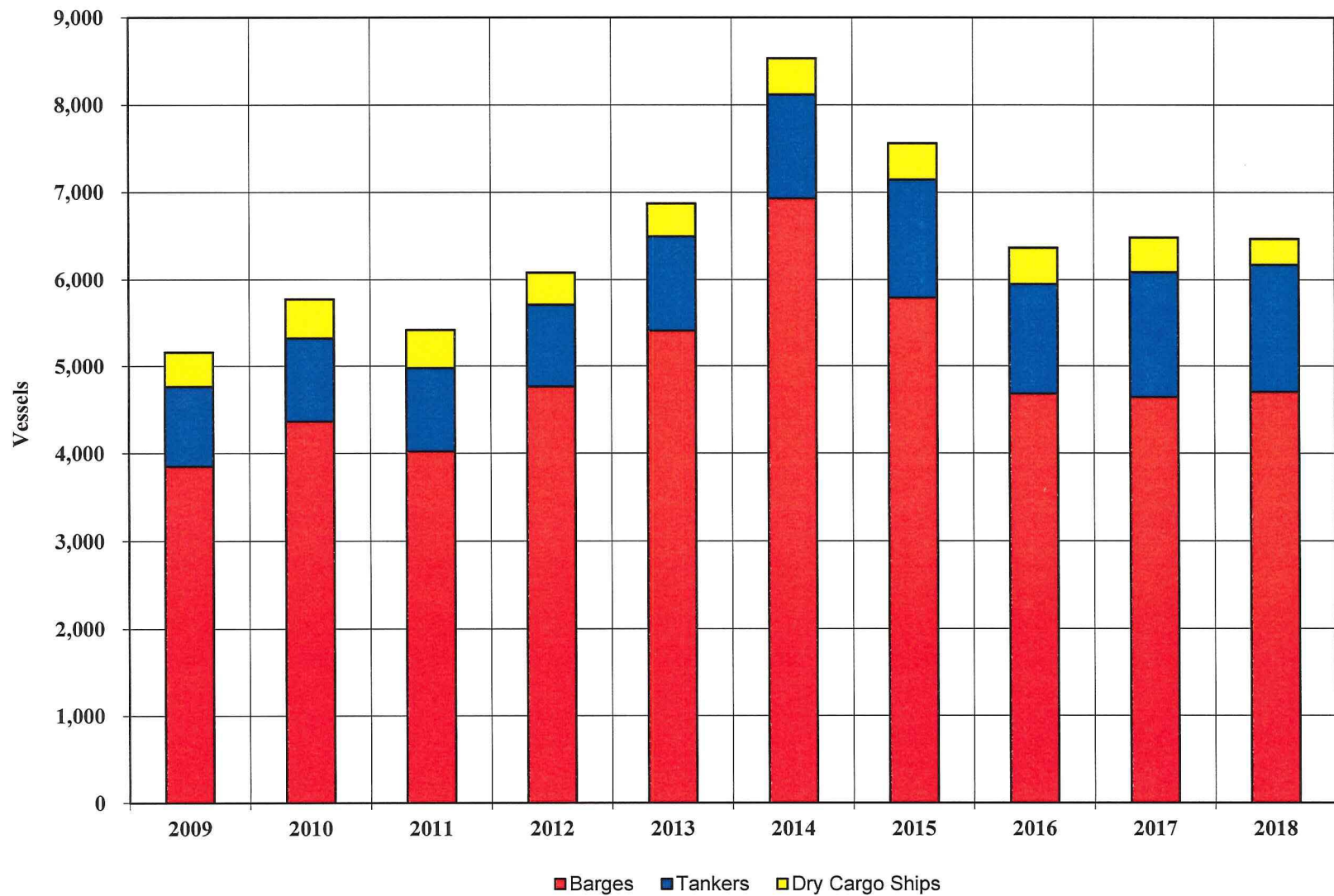


TABLE 7 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Tariff Rates
Last Ten Years**

	U/M	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Wharfage Rates											
All Cargo NOS	W/M	\$2.8600	\$2.8500	\$2.8900	\$3.0400	\$3.1000	\$3.2200	\$3.3100	\$3.3900	\$3.4500	\$3.5800
Dry Bulk	S/T	\$0.6200	\$0.9000	\$1.0500	\$1.2500	\$1.2800	\$1.3300	\$1.3700	\$1.4000	\$1.4300	\$1.4800
Liquid Bulk	BRL	\$0.0831	\$0.0828	\$0.0839	\$0.0883	\$0.0901	\$0.0937	\$0.0965	\$0.0987	\$0.1005	\$0.1041
Beans, Lentils & Peas	S/T	\$0.5700	\$0.5700	\$0.5800	\$0.6100	\$0.6200	\$0.6400	\$0.6600	\$0.6700	\$0.6900	\$0.7100
Cotton	Bale	\$0.5000	\$0.5000	\$0.5100	\$0.5400	\$0.5500	\$0.5700	\$0.5900	\$0.6000	\$0.6100	\$0.6300
Grain and Grain Products	S/T	\$1.3000	\$1.2900	\$1.3100	\$1.3800	\$1.4100	\$1.4700	\$1.5100	\$1.5500	\$1.5700	\$1.6400
Grain and Grain Products (bulk)	S/T	\$0.2600	\$0.2600	\$0.2600	\$0.2700	\$0.2800	\$0.2900	\$0.3000	\$0.3100	\$0.3200	\$0.3300
Iron and Steel Articles	S/T	\$1.8700	\$1.8600	\$1.8800	\$1.9800	\$2.0200	\$2.1000	\$2.1600	\$2.2100	\$2.2500	\$2.3300
Machinery, agricultural	S/T	\$2.8600	\$2.8500	\$2.8900	\$3.0400	\$3.1000	\$3.2200	\$3.3310	\$3.3900	\$3.4500	\$3.5800
Machinery, grading, earth moving	S/T	\$2.8600	\$2.8500	\$2.8900	\$3.0400	\$3.1000	\$3.2200	\$3.3100	\$3.3900	\$3.4500	\$3.5800
Military Cargo	S/T	\$5.3800	\$5.3600	\$5.4300	\$5.7200	\$5.8400	\$6.0700	\$6.2500	\$6.3900	\$6.5200	\$6.7600
Milk, dehydrated	S/T	\$1.5200	\$1.5100	\$1.5300	\$1.6100	\$1.6400	\$1.7100	\$1.7600	\$1.8000	\$1.8300	\$1.9000
Passengers	Person	\$5.0000	\$4.9800	\$5.0500	\$5.5300	\$5.6400	\$5.8600	\$6.0300	\$6.1700	\$6.2800	\$6.5100
Power Generation/Plant Equipment	S/T	\$2.8500	\$2.8400	\$2.8800	\$3.0300	\$3.1000	\$3.2200	\$3.3100	\$3.3900	\$3.4500	\$3.5800
Refrigerated Cargo	S/T	\$1.3000	\$1.2900	\$1.3100	\$1.3800	\$1.4100	\$1.4700	\$1.5100	-	-	-
Rice and Rice Products	S/T	\$1.3000	\$1.2900	\$1.3100	\$1.3800	\$1.4100	\$1.4700	\$1.5100	\$1.5500	\$1.6900	\$1.7500
Sand, aggregates, caliche, limestone	S/T	\$0.6200	\$0.9000	\$1.0500	\$1.2500	\$1.2800	\$1.3300	\$1.3700	\$1.4000	\$1.4300	\$1.4800
Vegetable oil	S/T	\$1.2500	\$1.2500	\$1.2700	\$1.3400	\$1.3700	\$1.4200	\$1.4600	\$1.5000	\$1.5200	\$1.5800
Vehicles	S/T	\$4.9400	\$4.9200	\$4.9800	\$5.2400	\$5.3500	\$5.5600	\$5.7200	\$5.8500	\$5.9600	\$6.1800
Vessels, pressure	S/T	\$3.5300	\$3.5200	\$3.5700	\$3.7600	\$3.8400	\$3.9900	\$4.1100	\$4.2000	\$4.2800	\$4.4300
Dockage Rates											
General Cargo											
Vessels											
0-199	Feet	\$2.37	\$2.36	\$2.39	\$2.52	\$2.57	\$2.67	\$2.75	\$2.81	\$2.86	\$2.97
200-399	Feet	\$3.11	\$3.10	\$3.14	\$3.31	\$3.38	\$3.51	\$3.61	\$3.70	\$3.75	\$3.90
400-499	Feet	\$4.40	\$4.38	\$4.44	\$4.67	\$4.76	\$4.95	\$5.10	\$5.21	\$5.31	\$5.50
500-599	Feet	\$5.91	\$5.89	\$5.97	\$6.28	\$6.41	\$6.66	\$6.86	\$7.01	\$7.15	\$7.41
600-699	Feet	\$6.77	\$6.74	\$6.83	\$7.19	\$7.34	\$7.63	\$7.85	\$8.03	\$8.17	\$8.48
700-799	Feet	\$8.72	\$8.69	\$8.80	\$9.26	\$9.45	\$9.83	\$10.12	\$10.35	\$10.52	\$10.91
800-899	Feet	\$10.50	\$10.46	\$10.60	\$11.16	\$11.39	\$11.84	\$12.19	\$12.47	\$12.69	\$13.15
900 +	Feet	\$12.55	\$12.50	\$12.66	\$13.33	\$13.60	\$14.14	\$14.56	\$14.89	\$15.16	\$15.71
Barges - Inland Waterway	Feet	\$95.00 Flat	\$125.00	\$126.64	\$133.30	\$136.01	\$150.00	\$154.41	\$157.93	\$157.93	\$166.61
Bulk Terminal	GRT	\$0.51	\$0.41	\$0.42	\$0.44	\$0.45	\$0.47	\$0.48	\$0.49	\$0.50	\$0.52
Liquid Bulk											
Vessels											
Barges	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
0-200 Feet	Barge	\$95.00	\$125.00	\$126.64	\$133.30	\$136.01	\$150.00	\$154.41	\$157.93	\$160.77	\$166.61
201-361 Feet	Barge	\$95.00	\$125.00	\$126.64	\$133.30	\$136.01	\$225.00	\$231.62	\$236.90	\$241.16	\$249.91
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	\$2,032.00	\$2,032.00	\$2,032.00	\$2,032.00	\$1,153.00	\$1,153.00	\$1,153.00	\$1,153.00	\$1,446.00
Barges	Barge	\$35.00	\$230.00	\$230.00	\$230.00	\$230.00	\$132.00	\$132.00	\$132.00	\$132.00	\$166.00
Security Surcharge Fee ¹											
		10.0%	10.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	10.0%

¹ Security surcharge fee is calculated on wharfage and dockage billings

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

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

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

TABLE 8 (Unaudited)**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS****Ten Largest Customers
December 31, 2018 and 2009****WHARFAGE and DOCKAGE REVENUE:**

Customer	2018			2009		
	Wharfage and Dockage Revenue	Rank	%	Wharfage and Dockage Revenue	Rank	%
Valero	\$ 10,472,182	1	17.31%	\$ 8,167,033	1	24.07%
Citgo	7,545,536	2	12.47%	6,244,146	2	18.40%
Flint Hills	5,953,274	3	9.84%	5,470,064	3	16.12%
Buckeye Texas Hub LLC	4,674,014	4	7.73%			
Nu Star Logistics	4,643,469	5	7.68%	2,596,890	4	7.65%
Oxy Energy Center LLC	4,261,929	6	7.04%	-		
Max Shipping, Inc.	3,371,129	7	5.57%	-		
voestalpine	2,962,344	8	4.90%	-		
Biehl & Company	1,570,160	9	2.60%	883,741	6	2.60%
Magellan	1,161,061	10	1.92%	-		
Dix-Fairway Terminals	-			372,224	10	1.10%
Equistar	-			1,421,617	5	4.19%
Valls Shipping Co.	-			760,490	7	2.24%
Moran-Gulf Shipping	-			407,416	8	1.20%
Sanco Co.	-			401,631	9	1.18%
Subtotal (10 largest)	46,615,098		70.85%	26,725,252		78.77%
Other	19,182,187		29.15%	7,202,783		21.23%
Total	\$ 65,797,285		100.00%	\$ 33,928,035		100.00%

TONNAGE:

Customer	2018			2009		
	Tonnage	Rank	%	Tonnage	Rank	%
Valero	23,772,539	1	22.38%	20,920,179	1	27.34%
Citgo	22,604,599	2	21.28%	20,505,797	2	26.80%
Flint Hills	12,139,936	3	11.43%	16,098,498	3	21.04%
Buckeye Texas Hub LLC	12,098,218	4	11.39%	-		
Oxy Energy Center LLC	11,601,347	5	10.92%	-		
Nu Star Logistics	6,885,541	6	6.48%	3,466,296	5	4.53%
voestalpine	4,031,389	7	3.79%	-		
Occidental Chemical Corp.	2,302,730	8	2.17%	1,366,046	8	1.79%
ADM/Growmark River System, Inc.	1,735,641	9	1.63%	2,560,366	6	3.35%
Magellan	1,565,069	10	1.47%			
Interstate Grain Port Terminal	-			1,346,017	9	1.76%
Sherwin Alumina Company LP	-			4,467,624	4	5.84%
Equistar	-			1,651,964	7	2.16%
Dupre Logistics	-			611,437	10	0.80%
Subtotal (10 largest)	98,737,009		92.94%	72,994,224		95.40%
Other	7,500,399		7.06%	3,522,424		4.60%
Total	106,237,408		100.00%	76,516,648		100.00%

TABLE 9 (Unaudited)

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

**Ratios of Outstanding Debt
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue Bonds	\$ 9,725,000	\$ 8,515,000	\$ 7,250,000	\$ -	\$ -	\$ -	\$ 115,000,000	\$ 110,640,000	\$ 106,245,000	\$ 309,325,000
Capital Leases	27,384	10,285	521	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 9,752,384	\$ 8,525,285	\$ 7,250,521	\$ -	\$ -	\$ -	\$ 115,000,000	\$ 110,640,000	\$ 106,245,000	\$ 309,325,000
Per Capita	\$ 290	\$ 240	\$ 190	\$ -	\$ -	\$ -	\$ 2,756	\$ 2,695	\$ 2,579	\$ 7,607
Percent of Personal Income	0.07%	0.06%	0.04%	\$ -	\$ -	\$ -	0.61%	0.59%	0.56%	1.65%

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

TABLE 10 (Unaudited)

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

**Pledged Revenue Bond Coverage
Last Ten Years**

Year			Net Revenue Available for Debt Service	Debt Service Requirements (A)			Coverage
				Principal	Interest	Total	
	Gross Revenues (1)	Operating Expenses (2)					
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
2018	125,615,930	65,810,620	59,805,310	10,310,833	7,923,261	18,234,095	3.28

(1) Gross revenues represent all revenues, income and receipts, including interest income, and any other revenues

(2) Operating expenses represent maintenance and operating, and general and administrative expenses and interest on retainage and other non-operating expenses paid in cash, excluding depreciation and gain (loss) on disposal of capital assets

(A) Debt service requirements represent average annual debt service

TABLE 11 (Unaudited)

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

**Demographic and Economic Statistics
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Population (1)	427,262	428,026	431,051	437,012	443,448	448,108	449,323	454,726	457,971	462,424
Personal Income-(in thousands) (1)	\$ 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	\$ 18,803,394
Per Capita Personal Income (1)	\$ 33,682	\$ 35,584	\$ 38,126	\$ 39,374	\$ 39,783	\$ 41,649	\$ 41,732	\$ 41,052	\$ 41,204	\$ 40,663
Unemployment rate (2)	6.90%	8.10%	8.00%	6.50%	6.00%	5.05%	4.95%	5.74%	5.89%	5.03%

Source:

- (1) Estimates of population from the Texas Department of State Health Services
for the Corpus Christi, TX Metropolitan Statistical Area consisting of Aransas, Nueces and San Patricio counties
- (2) Bureau of Labor Statistics

TABLE 12 (Unaudited)**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS****Principal Employers
December 31, 2018 and 2009**

Employer	2018			2009		
	Number of Employees	Rank	Percent of Total MSA Employment	Number of Employees	Rank	Percent of Total MSA Employment
Corpus Chirsti ISD	5,944	1	3.01%	5,178	3	2.68%
Corpus Christi Naval Air Station	4,500	2	2.28%	5,525	1	2.86%
H.E.B.	3,840	3	1.95%	5,000	4	2.59%
CHRISTUS Spohn Heath Systems	3,400	4	1.72%	5,400	2	2.80%
Corpus Christi Army Depot	3,400	5	1.72%	3,541	5	1.84%
City of Corpus Christi	3,202	6	1.62%	3,171	6	1.64%
Driscoll Chidren's Hospital	2,136	7	1.08%			0.00%
Corpus Christi Medical Center	1,885	8	0.96%	1,300	9	0.67%
Keiwit Offshore Service	1,750	9	0.89%			0.00%
Bay, Ltd	1,700	10	0.86%	2,100	7	1.09%
Del Mar College				1,542	8	0.80%
First Data Corporation				1200	10	0.62%
Total	31,757		16.09%	33,957		17.59%

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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operations:										
Bulk Terminal Facility	17	14	17	18	22	23	22	21	22	22
Harbormaster's Office	10	9	9	9	9	8	9	10	10	10
Maintenance	48	46	45	45	38	40	43	44	45	42
Police Department	49	51	46	44	43	48	48	48	49	47
	124	120	117	116	112	119	122	123	126	121
Administration:										
Chief Executive Officer	-	-	-	-	-	-	-	-	-	2
Executive Director	4	6	2	2	2	3	2	3	3	3
Deputy Port Director	4	4	4	2	-	-	-	-	-	-
Chief Operating Officer	-	-	-	2	2	2	2	2	2	1
Chief Commercial Officer	-	-	-	-	-	-	2	2	2	3
Chief External Affairs Officer	-	-	-	-	-	-	-	-	-	1
Chief Financial Officer	2	2	2	2	2	2	2	1	3	3
Planning	-	-	-	-	-	-	-	-	-	3
Government Affairs	1	1	1	1	1	1	1	1	1	2
Human Resources	5	5	5	5	5	5	6	6	6	7
Business Development	7	3	3	3	4	4	5	5	5	3
Communication & Community Relations	-	2	3	3	3	4	7	6	5	7
Property & Industrial Development	1	1	3	3	3	3	3	4	4	4
Accounting	9	7	8	8	10	9	10	10	12	13
Procurement	-	-	-	-	-	-	-	3	3	2
Risk Management	-	-	-	-	-	-	2	2	2	3
Safety Management	-	-	-	-	-	1	2	2	2	2
Emergency Management	-	-	-	-	-	-	-	1	1	1
Information Technology	7	7	6	7	6	8	13	13	12	12
Engineering	10	9	8	8	10	13	16	20	20	18
Environmental Planning & Compliance	4	3	4	4	4	6	5	4	5	6
Operations	7	4	4	4	5	4	4	1	4	4
	61	54	53	54	57	65	82	86	92	100
	185	174	170	170	169	184	204	209	218	221

TABLE 14 (Unaudited)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Harbor divisions	6	6	6	6	6	6	6	6	6	6
Turning basins	5	5	5	5	5	7	7	7	7	7
Corpus Christi Ship Channel (miles)	35	35	35	35	35	37	37	37	37	37
Authorized channel draft (feet)	45	45	45	45	45	45	45	45	45	45
General cargo docks	8	8	8	7	7	6	7	7	7	8
Covered docks	3	3	3	3	3	3	3	3	3	3
Open docks	2	2	2	2	2	2	4	4	4	5
Special public use dock	1	1	1	1	1	1	1	1	1	1
Covered storage (square feet)	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000
Dockside rail access (docks)	4	4	4	4	4	4	4	4	4	4
Roll-on/ Roll-off ramps	1	1	1	1	1	1	1	1	1	1
Liquid bulk docks	11	11	11	11	12	13	13	13	13	15
Ship	6	6	6	6	6	7	7	7	7	8
Barge	5	5	5	5	6	6	6	6	6	7
Bulk material docks	2	2	2	2	2	2	2	2	2	2
Gantry cranes	1	1	1	1	1	1	1	1	1	1
Unloading rate per hour (short tons)	600	600	600	600	600	600	600	600	600	600
Radial ship loaders	1	1	1	1	1	1	1	1	1	1
Loading rate per hour (short tons)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Layberth facilities/docks	3	3	3	3	3	3	3	3	2	2
Intermodal terminal	1	1	1	1	1	1	1	1	1	1
Open storage (acres)	28	28	30	30	30	35	35	35	35	35
Container handling machines	2	2	2	2	0	0	0	0	0	0
Bagging facilities	2	2	2	2	2	2	2	2	2	2
Grain	1	1	1	1	1	1	1	1	1	1
General purpose	1	1	1	1	1	1	1	1	1	1
Grain elevator	1	1	1	1	1	1	1	1	1	1
Bushel capacity (bushels)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	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	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	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	80,000	80,000	80,000	80,000	80,000
Cotton warehouses	1	1	1	1	1	1	1	1	1	1
Covered storage (square feet)	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000
Multi-purpose cruise terminal/meeting banquet center	1	1	1	1	1	1	1	1	1	1
Meeting rooms	5	5	5	5	5	5	5	5	5	5
Banquet hall	1	1	1	1	1	1	1	1	1	1
Outdoor plaza	1	1	1	1	1	1	1	1	1	1
Indoor square feet (approximate)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Outdoor square feet (approximate)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Industrial parks	1	1	1	1	1	1	1	1	1	1
Acreage	318	318	318	318	285	285	285	285	285	285
Barge canals	2	2	2	2	2	2	2	2	2	2
Land										
Submerged (acres)	18,750	18,750	18,750	18,750	17,770	17,770	18,062	18,062	18,062	18,062
Emerged (acres)	6,250	6,250	6,256	5,822	7,286	7,296	7,301	7,383	7,384	10,379
Dredge Placement Areas	4,688	4,688	4,688	4,688	4,974	4,974	4,974	4,974	4,974	5,391
Open storage/development (acres)	2,400	2,400	2,400	2,400	2,312	2,322	2,327	2,409	2,410	2,410
Railroads										
Railway (miles)	37	37	42	42	43	45	48	48	48	48
Security Command Center	1	1	1	1	1	1	1	1	1	1
Naval Station Ingleside										
Land-emerged (acres)	-	483	480	-	-	-	-	-	-	-
Land-submerged (acres)	-	429	429	-	-	-	-	-	-	-
Wharfs and piers (linear feet)	-	4050	3450	-	-	-	-	-	-	-
Buildings-office/classrooms, barracks, warehouse (sq ft)	-	788,367	781,217	-	-	-	-	-	-	-

TABLE 15 (Unaudited)

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

Analysis of Funding Progress - Pension Plan

Actuarial Valuation Date		Actuarial Value of Assets		Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)		Annual Covered Payroll	UAAL As a Percentage of Covered Payroll
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		50,304,319	98.2%	900,397		14,240,462	6.3%
2017		53,168,854		53,575,938	99.2%	407,084		15,259,672	2.7%

TABLE 16 (Unaudited)

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

**Schedule of Insurance in Force
December 31, 2018**

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	10/01/18-19	5,000/10,000	1,000,000
Foreign Liability-Travel Accident & Sickness	01/11/17-20	-	Varies
Firebarge Hull & Machinery	10/01/18-19	25,000	6,441,859
29' Safeboat Hull & Machinery			
31' Safeboat Hull & Machinery		25,000	
Other Boats & Motors	10/01/18-19		varies
General Liability/Marine	10/01/18-19	50,000	20,000,000
Cyber Liability	06/01/18-19	25,000	3,000,000
Errors and Omissions Liability	10/01/18-19	10,000	5,000,000/10,000,000
Law Enforcement Liability	10/01/18-19	10,000	5,000,000/10,000,000
Employee Fidelity (Crime) Bond	10/01/18-19	25,000	1,000,000
Public Officials Bonds (8)	Varies	-	5,000
Workers' Compensation	01/01/17-20	-	Statutory/1,000,000
Terrorism	04/01/18-19	10,000	100,000,000
Foreign Liability-Kidnap & Ransom	10/01/18-19	-	5,000,000/10,000,000
Mobile Equipment	10/01/18-19	1,000	2,024,082

TABLE 17 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data
December 31, 2018**

Date of Incorporation:	1922			
Form of Government:	A public corporation and political subdivision of the State of Texas			
Number of Employees:	221			
Geographic Location:	Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border			
Area:	10,379 - 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			

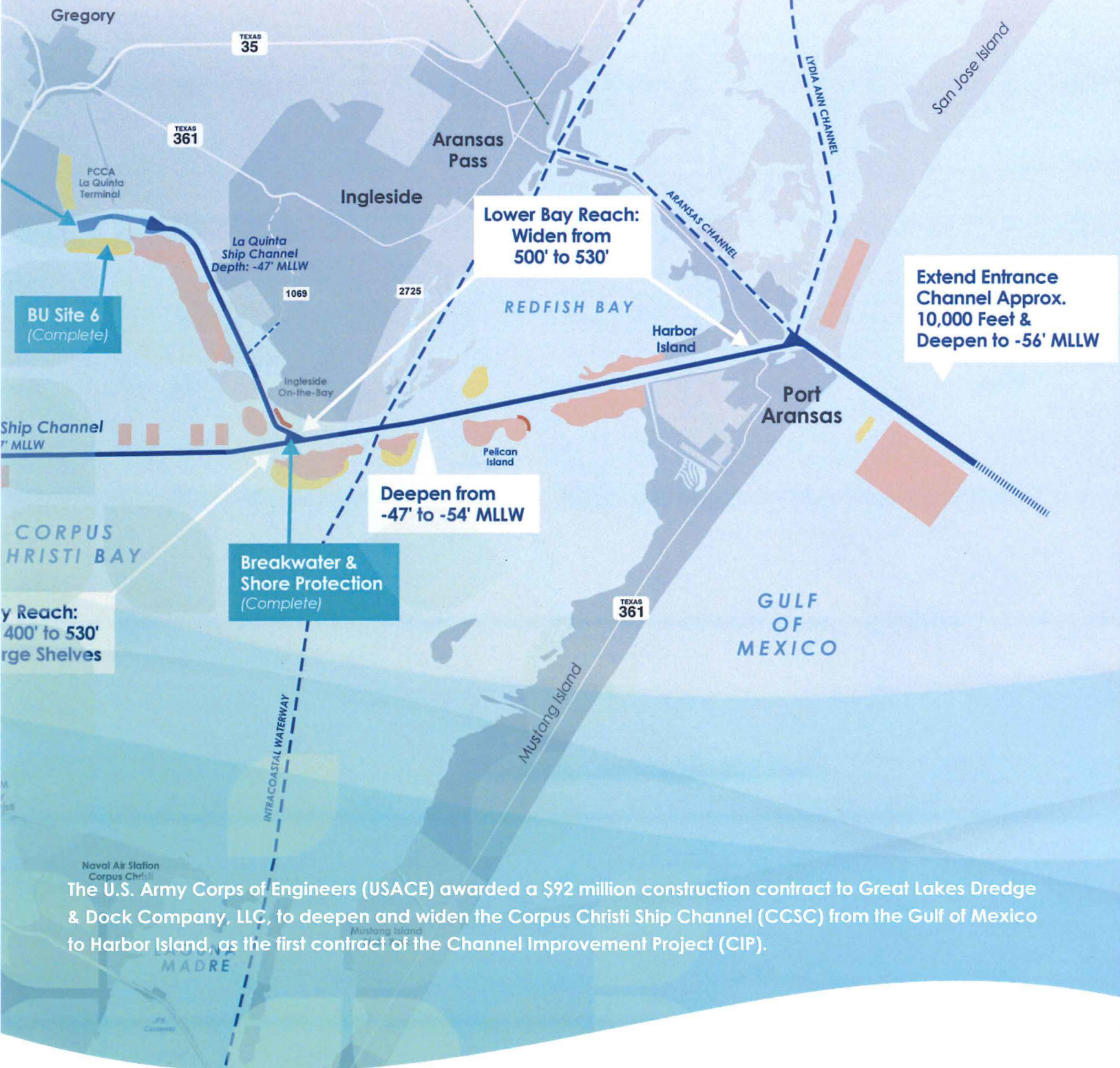
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data
December 31, 2018**
Public Docks:

Bulk liquid	15 - Main Harbor
Dry cargo	7 - Main Harbor
Dry cargo	1 - Rincon
Bulk materials	2 - Main Harbor
	<u>25</u>

Private Docks:

Bulk liquid	- Citgo	7 - Main Harbor
	- Equistar	1 - Main Harbor
Dry cargo	- Flint Hills	3 - Main Harbor
	- Flint Hills	2 - Ingleside
	- NuStar	1 - Main Harbor
	- Buckeye	5 - Main Harbor
	- Valero	6 - Main Harbor
	- Occidental Energy (NSI)	6 - Ingleside
	- Koch Gathering	1 - Ingleside
	- Cheniere	1 - LaQuinta
	- 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
	- South Texas Gateway Terminal	2 - Ingleside
	- Kiewit Offshore Services, Inc.	1 - LaQuinta
	- Subsea 7	1 - LaQuinta
	- voestalpine	1 - LaQuinta
Bulk materials	- Occidental Chemical	3 - LaQuinta
	- Signet Maritime	1 - Jewell Fulton
	- ADM/Growmark	1 - Main Harbor
	- Interstate Grain	1 - Main Harbor
	- Vulcan Materials	1 - Main Harbor
	- Sherwin Alumina Site	2 - La Quinta
		<u>53</u>

CONTINUING BOND DISCLOSURES



The U.S. Army Corps of Engineers (USACE) awarded a \$92 million construction contract to Great Lakes Dredge & Dock Company, LLC, to deepen and widen the Corpus Christi Ship Channel (CCSC) from the Gulf of Mexico to Harbor Island as the first contract of the Channel Improvement Project (CIP).



PORTCORPUSCHRISTI®

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**

	2009	2010	2011	2012	2013	2014	2015	2016	Prior Lien Senior Lien	Table 1: Table 1:
Commodity By Port Division - Short tons										
Inner Harbor										
Break Bulk	133,037	157,781	122,055	214,010	62,310	133,938	238,695	248,471	389,264	451,029
Grain	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	2,601,336
Chemical	43,982	37,814	58,377	58,066	41,198	99,979	135,841	105,512	99,706	106,263
Dry Bulk	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	2,868,385
Liquid Bulk	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901	514,887
Crude	19,666,640	20,676,801	19,004,324	19,675,302	27,725,999	35,619,488	40,612,622	28,619,578	25,910,096	28,167,840
Petroleum	36,919,700	40,486,227	40,442,243	40,718,504	40,091,495	42,653,836	42,714,963	45,396,299	44,977,499	47,263,872
Total	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	81,973,612
La Quinta										
Break Bulk	-	1,369	-	-	3,551	105,282	111,346	85,069	163,313	170,135
Chemical	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	2,279,158
Dry Bulk	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	4,085,546
Crude	-	-	-	-	-	-	-	-	-	-
Petroleum	18,766	22,404	41,750	25,319	14,228	23,906	17,370	23,548	34,454	217,530
Total	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	6,752,369
Ingleside										
Break Bulk	178,826	169,609	175,551	175,287	263,119	31,458	58,348	12,271	2,020	67
Dry Bulk	-	7,012	4,615	10,742	829	5,274	2,804	345	4,383	273
Crude	6,666,566	6,322,979	4,630,072	3,445,503	4,871,560	5,891,206	4,904,927	5,982,277	15,733,332	17,497,170
Petroleum	993,849	1,392,450	700,757	1,511,714	1,556,391	195,976	598,584	216,184	15,913	13,861
Total	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	17,511,371
Rincon Point										
Break Bulk	6,130	10,500	9,025	1,669	-	-	-	-	1,124	54
Grain	-	12,503	31,726	15,312	11,235	1,600	-	-	-	-
Dry Bulk	1,734	12,291	48,647	25,790	5,835	-	-	-	-	-
Total	7,864	35,294	89,398	42,771	17,070	1,600	-	-	1,124	54
Total	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	106,237,406
Commodity Totals - Short tons										
Break Bulk	317,993	339,259	306,631	390,966	328,980	270,678	408,389	345,811	555,721	621,285
Grain	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	2,601,336
Chemical	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	2,385,421
Dry Bulk	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	6,954,204
Liquid Bulk	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901	514,887
Crude (1)	26,333,206	26,999,780	23,634,396	23,120,805	32,597,560	41,510,694	45,517,549	34,601,855	41,643,428	45,665,010
Petroleum (1)	37,932,316	41,901,081	41,184,750	42,255,537	41,662,114	42,873,718	43,330,918	45,636,031	45,027,866	47,495,263
Total	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	106,237,406

(1) Crude and Petroleum were reported in prior CAFRs under the single category of Petroleum

TABLE 19 (Unaudited)

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

**Revenues by Source
Last Ten Years**

									Prior Lien Senior Lien	Table 2: Table 2:
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating Revenues:										
Wharfage	\$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	\$ 50,487,100
Dockage	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	15,310,185
Security fees	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	9,014,385
Freight handling	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	4,033,418
Rail Charges	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491	2,552,814
Building and land rentals	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	18,591,803
Conference center services	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	2,017,419
Warehouse handling charges	596,168	426,093	368,950	-	-	-	-	-	-	-
FTZ user fees	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000	241,833
Dredge placement fees	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638	436,910
Other	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	2,930,524
Insurance proceeds, Hurricane Harvey	-	-	-	-	-	-	-	-	1,266,289	163,737
	<u>\$46,425,890</u>	<u>\$52,279,852</u>	<u>\$58,698,961</u>	<u>\$62,432,414</u>	<u>\$77,467,953</u>	<u>\$82,159,445</u>	<u>\$93,421,855</u>	<u>\$83,021,962</u>	<u>\$95,541,093</u>	<u>\$ 105,780,128</u>
Non-Operating Revenues:										
Other:										
Investment income	\$ 584,849	\$ 478,291	\$ 467,494	\$ 163,804	\$ 283,544	\$ 341,754	\$ 518,374	\$ 1,184,692	\$ 2,417,838	\$ 4,807,322
Federal and other grant assistance	\$ 17,570	\$ 60,806	\$ 169,966	\$ 337,965	\$ 290,727	\$ 180,655	\$ 227,714	\$ 152,412	\$ 146,950	\$ 266,930
Contributions from Harbor Bridge commitment	-	-	-	-	-	-	-	-	-	14,761,550
Donation of personal property	-	225,825.00	4,500.00	-	-	-	-	-	-	-
Other	7,266	-	3,727,517	-	-	40,596.00	-	-	-	-
	<u>\$ 609,685</u>	<u>\$ 764,922</u>	<u>\$ 4,369,477</u>	<u>\$ 501,769</u>	<u>\$ 574,271</u>	<u>\$ 563,005</u>	<u>\$ 746,088</u>	<u>\$ 1,337,104</u>	<u>\$ 2,564,788</u>	<u>\$ 19,835,802</u>

TABLE 20 (Unaudited)

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

**Expenses by Type
Last Ten Years**

									Prior Lien	Table 3:
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 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	\$ 9,646,909
Maintenance	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	4,024,567
Utilities	1,631,307	1,702,868	2,327,822	1,735,122	902,342	1,004,905	1,073,706	980,564	936,770	910,486
Telephone	26,436	35,286	101,960	94,604	85,538	80,639	78,674	90,885	88,096	85,140
Insurance & claims	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	1,493,288
Professional services	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991	1,160,192	914,565	4,219,869
Police expenses	55,218	66,434	14,233	24,006	14,435	16,461	31,320	21,710	30,368	59,019
Contracted services	1,426,265	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137	1,334,780	1,680,388	1,849,059	2,265,625
Office and equipment rental	97,627	73,983	142,778	65,037	55,691	79,023	109,355	96,681	126,387	104,596
Operator and event expenses	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	1,789,206
Warehouse supplies	44,700	9,037	8,024	-	-	-	-	-	-	-
Safety/Environmental	71,246	69,075	83,442	77,086	98,478	107,859	70,797	84,493	87,427	83,477
General	196,113	129,909	185,198	175,307	220,554	494,274	876,438	242,219	216,267	252,079
	<u>\$20,697,782</u>	<u>\$20,248,511</u>	<u>\$22,760,814</u>	<u>\$22,721,681</u>	<u>\$18,144,056</u>	<u>\$23,367,865</u>	<u>\$21,470,411</u>	<u>\$21,435,640</u>	<u>\$21,066,636</u>	<u>\$ 24,934,261</u>
General and Administrative:										
Employee services	\$ 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	\$ 13,209,035
Maintenance	432,088	453,408	501,087	509,303	530,688	648,221	759,004	948,956	756,368	1,038,631
Utilities	224,245	172,703	194,864	171,122	149,405	159,148	160,630	162,490	173,577	162,956
Telephone	209,267	196,626	115,447	100,921	73,896	83,776	91,439	97,984	99,596	118,665
Insurance & claims	96,638	124,620	92,492	97,774	429,990	99,451	109,887	148,816	124,462	117,385
Professional services	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	6,438,267
Police expenses	174	82	82	-	190	1,616	1,227	233	1,150	1,619
Contracted services	64,213	151,445	100,952	59,756	23,431	26,167	49,477	143,210	93,104	88,067
Office and equipment rental	40,406	59,809	65,104	76,941	92,118	86,761	99,176	123,574	158,778	148,149
Administrative	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	2,915,142
Trade and sales development	204,427	157,237	184,528	188,894	200,500	209,900	165,955	172,765	174,973	196,164
Media advertising	108,425	206,557	195,766	190,661	225,363	232,608	311,184	327,641	354,200	238,775
Production	48,319	25,678	24,222	21,774	33,424	41,061	74,566	23,768	39,581	55,459
Safety/Environmental	22,681	21,544	23,299	23,651	26,732	28,007	43,037	45,881	29,398	35,440
General	25,185	42,294	25,752	8,965	185,250	92,943	23,172	32,841	8,799	672,234
	<u>\$15,029,743</u>	<u>\$14,939,210</u>	<u>\$13,830,284</u>	<u>\$17,835,428</u>	<u>\$15,378,025</u>	<u>\$15,891,293</u>	<u>\$19,469,477</u>	<u>\$20,715,616</u>	<u>\$23,263,150</u>	<u>\$ 25,435,988</u>
Hurricane Harvey related repairs	-	-	-	-	-	-	-	-	233,054	963,247
Depreciation	<u>\$10,060,645</u>	<u>\$12,165,114</u>	<u>\$13,381,562</u>	<u>\$13,738,571</u>	<u>\$12,024,981</u>	<u>\$12,310,557</u>	<u>\$12,822,653</u>	<u>\$13,140,057</u>	<u>13,377,640</u>	<u>14,149,761</u>
Non-Operating Expenses:										
Other:										
Interest	\$ 504,030	\$ 450,602	\$ 392,699	\$ (51,908)	\$ 16,986	\$ 535	\$ 2,030,505	\$ 2,973,844	\$3,650,348	\$7,697,446
Bond issuance expenses	-	-	-	-	-	-	1,139,597	-	-	1,993,237
Contributions to Harbor Bridge commitment	-	-	-	-	-	-	-	1,885,410	1,287,176	1,786,441
Other	20,735	19,386	-	9,646,400	102,957	-	8,829,882	3,067,638	4,846,936	3,061,064
	<u>\$ 524,765</u>	<u>\$ 469,988</u>	<u>\$ 392,699</u>	<u>\$ 9,594,492</u>	<u>\$ 119,943</u>	<u>\$ 535</u>	<u>\$11,999,984</u>	<u>\$ 7,926,892</u>	<u>\$ 9,784,460</u>	<u>\$ 14,538,188</u>

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

**Leases
December 31, 2018**

Prior Lien 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, 2018, minimum lease revenues under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending	
2019	\$ 15,925,854
2020	13,944,303
2021	15,247,590
2022	10,591,547
2023	9,620,541
Thereafter	79,113,017
Total	\$ 144,442,852

Prior Lien 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		Totals
2019	\$	457,040
2020		457,040
2021		457,040
2022		457,040
2023		457,040
Thereafter		5,004,925
Total	\$	7,290,125

TABLE 22 (Unaudited)

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

**Changes in Net Position
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	Prior Lien Senior Lien	Table 6: Table 3: 2018
Revenues										
Operating revenues:										
Wharfage	\$ 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	\$ 50,487,100
Dockage	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	15,310,185
Security fees	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	9,014,385
Freight handling	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	4,033,418
Rail Charges	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491	2,552,814
Building and land rentals	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	18,591,803
Conference center services	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	2,017,419
Warehouse handling charges	596,168	426,093	368,950	-	-	-	-	-	-	-
FTZ user fees	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000	241,833
Dredge placement fees	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638	436,910
Other	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	2,930,524
Insurance proceeds, Hurricane Harvey	-	-	-	-	-	-	-	-	1,266,289	163,737
Total operating revenues	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	82,159,445	93,421,855	83,021,962	95,541,093	105,780,128
Investment income	584,849	478,291	467,494	163,804	283,544	341,754	518,374	1,184,692	2,417,838	4,807,322
Federal and other grant assistance	17,570	60,806	169,966	337,965	290,727	180,655	227,714	152,412	146,950	266,930
Contributions from Harbor Bridge Commitment	-	-	-	-	-	-	-	-	-	14,761,550
Donation of personal property	-	225,825	4,500	-	-	-	-	-	-	-
Gain on disposal of assets	7,266	-	3,727,517	-	-	40,596	-	-	-	-
Total Revenues	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,722,450	94,167,943	84,359,066	98,105,881	125,615,930
Expenses										
Operating expenses:										
Maintenance and operations	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	24,934,261
General and administrative	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	25,435,988
Hurricane Harvey related repairs	-	-	-	-	-	-	-	-	233,054	963,247
Depreciation	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	14,149,761
Total operating expenses	45,788,170	47,352,835	49,972,660	54,295,680	45,547,062	51,569,715	53,762,541	55,291,313	57,940,480	65,483,257
Interest expense and fiscal charges	504,030	450,602	392,699	(51,908)	16,986	535	2,030,505	2,973,844	3,650,348	7,697,446
Bond issuance costs	20,735	10,743	-	-	-	-	1,139,597	-	-	1,993,237
Fiscal payments to subrecipients	-	-	-	128,730	-	-	-	-	-	-
Contributions to Harbor Bridge Commitment	-	-	-	-	-	-	-	1,885,410	1,287,176	1,786,441
Contributions to other government agencies	-	-	-	-	-	-	3,000,000	3,000,000	4,415,092	3,000,000
Loss on disposal of assets	-	8,643	-	9,517,670	102,957	-	5,829,882	67,638	3,590	61,064
Loss on impairment of capital assets	-	-	-	-	-	-	-	-	428,254	-
Total Expenses	46,312,935	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250	65,762,525	63,218,205	67,724,940	80,021,445
Income (Loss) Before Contributions	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	45,594,485
Capital Contributions	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	3,720,723
Changes in Net Position	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	49,315,208
Total Net Position, Beginning 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
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	1,835,648	-	-	937,450
Total Net Position, End of Year	\$ 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	\$ 606,378,144
Net Position at Year End										
Net investment in capital assets	\$ 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	406,391,881
Restricted	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709	36,031,915	21,222,100	23,479,446
Unrestricted	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	176,506,817
Total Net Position	\$ 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	\$ 606,378,144

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

TABLE 23 (Unaudited)

Prior Lien Table 8:
Senior Lien Table 5:

Debt Service Requirements

Fiscal	Senior Lien Revenue Bonds				Senior Lien Revenue Bonds				
Year Ended	Prior Lien Bonds	Series 2018A			Series 2018B			Total	
12/31	Debt Service	Principal	Interest	Total	Principal	Interest	Total	Debt Service	
2019	\$ 8,498,589	\$ -	\$ 4,594,950	\$ 4,594,950	\$ -	\$ 5,240,378	\$ 5,240,378	\$ 18,333,917	
2020	8,501,301	-	4,594,950	4,594,950	2,000,000	5,240,378	7,240,378	20,336,629	
2021	8,500,421	1,595,000	4,594,950	6,189,950	2,230,000	5,181,638	7,411,638	22,102,009	
2022	8,503,096	1,675,000	4,515,200	6,190,200	2,300,000	5,111,794	7,411,794	22,105,090	
2023	8,499,491	1,755,000	4,431,450	6,186,450	2,375,000	5,037,780	7,412,780	22,098,721	
2024	8,498,662	1,845,000	4,343,700	6,188,700	2,455,000	4,958,978	7,413,978	22,101,340	
2025	8,502,199	1,935,000	4,251,450	6,186,450	2,540,000	4,874,157	7,414,157	22,102,806	
2026	8,499,250	2,035,000	4,154,700	6,189,700	2,630,000	4,783,860	7,413,860	22,102,810	
2027	8,500,912	2,135,000	4,052,950	6,187,950	2,725,000	4,686,577	7,411,577	22,100,439	
2028	8,501,049	2,245,000	3,946,200	6,191,200	2,830,000	4,584,416	7,414,416	22,106,665	
2029	8,498,426	2,355,000	3,833,950	6,188,950	2,935,000	4,476,905	7,411,905	22,099,281	
2030	8,499,863	2,475,000	3,716,200	6,191,200	3,050,000	4,361,002	7,411,002	22,102,065	
2031	8,499,034	2,595,000	3,592,450	6,187,450	3,175,000	4,237,507	7,412,507	22,098,991	
2032	8,501,449	2,725,000	3,462,700	6,187,700	3,305,000	4,107,364	7,412,364	22,101,513	
2033	8,499,352	2,860,000	3,326,450	6,186,450	3,440,000	3,970,239	7,410,239	22,096,041	
2034	8,502,283	3,005,000	3,183,450	6,188,450	3,585,000	3,825,794	7,410,794	22,101,527	
2035	8,499,319	3,155,000	3,033,200	6,188,200	3,760,000	3,651,025	7,411,025	22,098,544	
2036	-	3,280,000	2,907,000	6,187,000	3,945,000	3,467,725	7,412,725	13,599,725	
2037	-	3,445,000	2,743,000	6,188,000	4,135,000	3,275,406	7,410,406	13,598,406	
2038	-	3,620,000	2,570,750	6,190,750	4,340,000	3,073,825	7,413,825	13,604,575	
2039	-	3,800,000	2,389,750	6,189,750	4,550,000	2,862,250	7,412,250	13,602,000	
2040	-	3,990,000	2,199,750	6,189,750	4,780,000	2,634,750	7,414,750	13,604,500	
2041	-	4,190,000	2,000,250	6,190,250	5,015,000	2,395,750	7,410,750	13,601,000	
2042	-	4,400,000	1,790,750	6,190,750	5,270,000	2,145,000	7,415,000	13,605,750	
2043	-	4,620,000	1,570,750	6,190,750	5,530,000	1,881,500	7,411,500	13,602,250	
2044	-	4,850,000	1,339,750	6,189,750	5,810,000	1,605,000	7,415,000	13,604,750	
2045	-	5,090,000	1,097,250	6,187,250	6,100,000	1,314,500	7,414,500	13,601,750	
2046	-	5,345,000	842,750	6,187,750	6,405,000	1,009,500	7,414,500	13,602,250	
2047	-	5,615,000	575,500	6,190,500	6,725,000	689,250	7,414,250	13,604,750	
2048	-	5,895,000	294,750	6,189,750	7,060,000	353,000	7,413,000	13,602,750	
	\$ 144,504,696	\$ 92,530,000	\$ 89,950,900	\$ 182,480,900	\$ 115,000,000	\$ 105,037,248	\$ 220,037,248	\$ 547,022,844	

Totals are rounded to the nearest dollar

TABLE 24 (Unaudited)

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

**Historical Debt Service Coverage
Last Ten Years**

Year	Gross Revenues (1)	Maintenance and Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service Requirements			Annual Debt Service Coverage	Senior Lien Average Annual Debt Service	Table 6A: Average Annual Debt Service Coverage
				Principal	Interest	Total			
2009	\$ 47,035,575	\$ 35,727,525	\$ 11,308,050	\$ 1,160,000	\$ 508,740	\$ 1,668,740	6.78	\$ 1,671,484	6.77
2010	53,044,774	35,187,721	17,857,053	1,210,000	460,690	1,670,690	10.69	1,671,617	10.68
2011	63,068,438	36,591,098	26,477,340	1,265,000	408,405	1,673,405	15.82	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	-	2,115,973	2,115,973	23.74	8,500,323	5.91
2016	84,359,066	47,050,348	37,308,718	4,360,000	4,139,948	8,499,948	4.39	8,500,343	4.39
2017	97,872,827	50,053,188	47,819,639	4,395,000	4,105,722	8,500,722	5.63	8,500,322	5.63
2018	125,615,930	65,810,620	59,805,310	4,450,000	7,138,292	11,588,292	5.16	18,234,095	3.28

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

TABLE 25 (Unaudited)

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

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

			Prior Lien Senior Lien	Table 7: Table 6B:
	2019	2020	2021	2022
Operating Revenues:				
Wharfage	\$ 54,503,208	\$ 62,682,368	\$ 69,762,508	\$ 74,664,773
Dockage	14,698,562	15,199,914	16,323,745	17,557,454
Security	10,158,785	11,026,836	11,847,233	12,415,624
Freight handling	2,557,414	2,607,028	2,657,604	2,710,756
Storage	749,733	764,278	779,105	794,687
Rail charges	2,332,000	2,377,240	2,423,359	2,471,826
Other revenue	3,647,930	3,679,900	3,712,490	3,746,740
Conference center services	2,434,663	2,434,663	2,434,663	2,434,663
Building and land rentals	18,369,343	18,369,343	18,369,343	18,369,343
FTZ user fees	237,000	237,000	237,000	237,000
Total Operating Revenues	109,688,638	119,378,570	128,547,050	135,402,866
Operating Expenses:				
Direct expenses	42,733,511	42,249,068	42,778,669	43,634,242
Indirect expenses	29,609,554	30,278,730	30,963,029	31,582,290
Total Operating Expenses	72,343,065	72,527,798	73,741,698	75,216,532
Other Revenues (Expenses):				
Investment Income	5,513,950	3,332,862	65,713	65,713
Other Income	5,009	5,009	5,009	5,009
Interest Expense	(13,795,392)	(13,701,630)	(13,522,008)	(13,522,008)
Contributions to Harbor Bridge commitment (Note 11)	(1,543,440)	-	-	-
Contributions to other government agencies	(3,000,000)	-	-	-
Contributions from Harbor Bridge commitment (Note 11)	15,434,400	-	-	-
Total Other Revenues (Expenses)	2,614,527	(10,363,759)	(13,451,286)	(13,451,286)
Net Operating Revenues Available for Debt Service	\$ 39,960,100	\$ 36,487,013	\$ 41,354,066	\$ 46,735,048
Debt Service-Prior Lien	8,498,589	8,501,301	8,500,421	8,503,096
Debt Service-Senior Lien	9,835,328	11,835,328	13,601,588	13,601,994
Total Debt Service	\$ 18,333,917	\$ 20,336,629	\$ 22,102,009	\$ 22,105,090
Prior Lien Bond Debt Service Coverage	4.70	4.29	4.86	5.50
Total Bond Debt Service Coverage	2.18	1.79	1.87	2.11

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

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

**Pension Plan
December 31, 2018**

Prior Lien 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 760 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 Barton Oaks Plaza IV, Suite 500, 901 South MoPac Expressway, Austin, Texas 78746 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 5 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 5 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 2018 was 4.45 percent, however the governing body of the Authority adopted the rate of 7 percent for calendar year 2018. 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 \$1,145,090 and \$1,145,090, respectively for the year ended December 31, 2018.

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

**Pension Plan
December 31, 2018**

Employees Covered by Benefit Terms

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

	December 31, 2017
Retirees or beneficiaries currently receiving benefits	100
Inactive employees entitled to but not yet receiving benefits	52
Active employees	218
	370

Actuarial Assumptions

The actuarial assumptions that determined the total net pension asset as of December 31, 2018 was based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB Statement 68.

The actuarial valuations were determined using the following actuarial assumptions:

Actuarial Valuation Date	December 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Long-term Investment Rate of Return	8.10%
Discount Rate	8.10%
Inflation Rate	2.75%
Projected Salary Increase Rates:	
General Wage Inflation	3.25%
Merit, Promotion, Longevity	<u>1.60%</u>
Total Projected Salary Increase Rate	4.85%
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
Disability	Experience-based table with rates of disability ranging from .008% at age 28 to .27% at age 59; members who become disabled are eligible to commence benefit payments regardless of age
Mortality-for the actuarial valuation:	
Depositing members	90% of the RP-2014 Active Mortality Table, projected with 110% of the MP-2014 Ultimate scale after 2014
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

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

**Pension Plan
December 31, 2018**

Discount Rate

The discount rate used to determine the total pension liability as of December 31, 2018 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	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Net pension liability/ (asset)	\$ 3,080,572	\$ (2,868,315)	\$ (7,997,171)

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

**Pension Plan
December 31, 2018**

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, 2018 information for a 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 2017.

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	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities- Developed Markets	MSCI World ExUSA (net) Index	11.00%	4.55%
International Equities- Emerging Markets	MSCI EM Standard (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

(1) Target Asset Allocation was adopted at the April, 2018 TCDRS Board meeting

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 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.

TABLE 26 (continued) (Unaudited)

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

**Pension Plan
December 31, 2018**

Net Pension Asset

The Net Pension Liability is the difference between the Total Pension Asset and the plan's Fiduciary Net Position. For the year ended December 31, 2018, the Authority's Net Pension Liability was measured as of December 31, 2017, and the Total Pension Asset was determined by an actuarial valuation as of that date.

The changes in net pension liability for the measurement date of December 31, 2017 based on the actuarial date of December 31, 2017 is reflected below:

Changes in Net Pension Liability/ (Asset)	Increase (Decrease)		Net Position Liability/ (Asset)
	Total Pension Liability	Fiduciary Net Position	
Balances as of December 31, 2016	\$ 49,030,729	\$ 48,446,820	\$ 583,909
Changes for the Year:			
Service cost	1,583,238	-	1,583,238
Interest on total pension liability (1)	4,007,179	-	4,007,179
Effect of plan changes (2)	60,522	-	60,522
Effect of economic/demographic gains or losses	(151,261)	-	(151,261)
Effect of assumptions changes or inputs	213,158	-	213,158
Refund of contributions	(94,741)	(94,741)	-
Benefit payments	(2,235,883)	(2,235,883)	-
Administrative expenses	-	(36,764)	36,764
Member contributions	-	1,068,177	(1,068,177)
Net investment income	-	7,068,420	(7,068,420)
Employer contributions	-	1,068,177	(1,068,177)
Other (3)	-	(2,950)	2,950
Balances as of December 31, 2017	\$ 52,412,941	\$ 55,281,256	\$ (2,868,315)

1) Reflects the change in the liability due to the time value of money

2) Reflected plan changes adopted effective in 2018

3) Relates to allocation of system-wide items

TABLE 26 (continued) (Unaudited)

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

**Pension Plan
December 31, 2018**

For the year ended December 31, 2018, the Authority recognized pension expense as follows:

		January 1, 2017 to December 31, 2017
Service cost	\$	1,583,238
Interest on total pension liability		4,007,179
Effect of plan changes		60,522
Administrative expenses		36,764
Member contributions		(1,068,177)
Expected investment return net of investment expenses		(3,914,901)
Recognition of deferred inflows/outflows of resources:		
Recognition of economic/demographic gains or losses		(73,068)
Recognition of assumption changes or inputs		110,390
Recognition of investment gains or losses		407,857
Other (allocated system-wide items)		2,950
Pension expense	\$	1,152,754

For the year ended December 31, 2018, 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	\$ 190,204	\$ 661,697
Changes of assumptions	402,223	-
Net difference between projected and actual earnings	-	509,006
Contributions made subsequent to measurement date	1,145,090	-
TOTALS	\$ 1,737,517	\$ 1,170,703

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,145,090 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2018 (i.e. recognized in the Authority's financial statements December 31, 2019).

TABLE 26 (continued) (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS****Pension Plan
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:

2018	\$	445,180
2019		319,211
2020		(625,827)
2021		(727,156)
2022		10,316
Total	\$	(578,276)

TABLE 27 (Unaudited)

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

**Current Investments
December 31, 2018**

**Prior Lien Table 10:
Senior Lien Table 4:**

CASH MANAGEMENT

The Authority's investments at December 31, 2018 are shown below:

Investment Type	2018		Weighted Average Maturity (Days)	Credit Risk
	Carrying Value	Fair Value		
Money market funds	\$ 8,596,468	\$ 8,596,468	1	
Local government pool	263,519,428	263,519,428	1	AAA
United States agencies	77,000,000	76,457,059	248	AAA
Total	349,115,896	348,572,955		
Short-term investments included in cash and cash equivalents	272,115,896	272,115,896		
Equity in Total Investments	\$ 77,000,000	\$ 76,457,059		
Portfolio Weighted Average Maturity			55	

SINGLE AUDIT SECTION

Maverick Terminals, a subsidiary of Howard Energy Partners, successfully unloaded its first diesel barges at the new Port of Corpus Christi owned Liquid Bulk Dock 3 facility on April 28, 2018.



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 9, 2019

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 (the Authority) as of and for the year ended December 31, 2018, 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 9, 2019.

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 the audit 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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Collier, Johnson & Woods

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

April 9, 2019

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 (the Authority) 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, 2018. 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, and the terms and conditions of its state awards 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, 2018.

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, 2018

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 state 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 Mike Carrell Road
- 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 state 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, 2018

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Federal Assistance			
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #15	97.056	EMW-2015-PU-00228	\$ 442,356
Port Security Grant #16	97.056	EMW-2016-PU-00242	138,530
Total Direct Programs			<u>580,886</u>
Total U.S. Department of Homeland Security			<u>580,886</u>
U.S. Department of Justice			
Direct Programs			
Federal Equitable Sharing Agreement	16.922	05-DEA-453892	<u>7,571</u>
Total Federal and Passed through assistance			<u>588,457</u>
State Assistance			
Texas Department of Public Safety			
Rifle Resistant Body Armor		BG3490201	<u>10,225</u>
Texas Department of Transportation			
Construction of Nueces River Rail Yard Phase II		CSJ0916-35-172	1,808,623
Construction of Mike Carrell Road		CSJ0916-35-204	1,102,744
Total Texas Department of Transportation			<u>2,911,367</u>
Total State Assistance			<u>2,921,592</u>
Total Federal, State, and passed through assistance			<u>\$ 3,510,049</u>

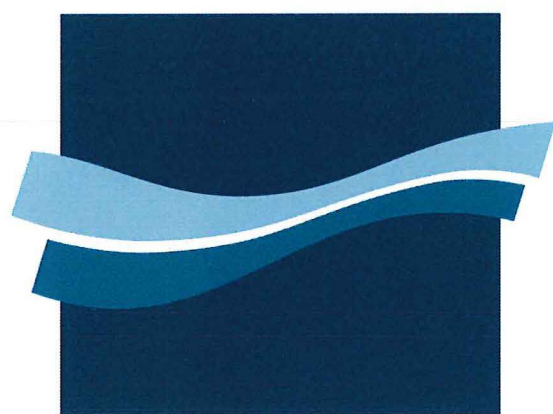
PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

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.



PORT**CORPUSCHRISTI**



Photo courtesy of Miguel Ramirez, Port Police Officer.
A vessel sails through the Corpus Christi Ship Channel.



PORT CORPUS CHRISTI®

Port of Corpus Christi Authority of Nueces County, TX