

**ALABAMA STATE PORT AUTHORITY**  
**AN ENTERPRISE FUND OF THE STATE OF ALABAMA**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
*For the Fiscal Years Ended September 30, 2021 & 2020*



**ALABAMA STATE PORT AUTHORITY**  
An Enterprise Fund of the State of Alabama  
Mobile, AL

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 & 2020



PREPARED BY THE FINANCIAL SERVICES DEPARTMENT



**STATISTICAL SECTION (UNAUDITED) (CONTINUED)**

**ALABAMA STATE PORT AUTHORITY**  
An Enterprise Fund of the State of Alabama  
Mobile, AL

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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# INTRODUCTORY SECTION



**ALABAMA STATE PORT AUTHORITY**  
 An Enterprise Fund of the State of Alabama  
 Mobile, AL

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**DIRECTORY OF OFFICIALS**

**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**GOVERNOR OF ALABAMA**

Kay Ivey

**BOARD OF DIRECTORS**

T. Bestor Ward, III, Chairman  
 At Large

Alvin Hope, II, 1st Vice Chair  
 Southern Region

Ben C. Stimpson, Jr., 2nd Vice Chair  
 Southern Region

Tony Cochran  
 Northern Region

Daryl H. Dewberry  
 At Large

Horace Horn, Jr.  
 Central Region

Carl T. Jamison  
 Central Region

Dr. Patricia Sims  
 Northern Region

Commissioner Mercia Ludgood, Ex-Officio\*  
 President, Mobile County Commission

**PORT OFFICIALS**

John C. Driscoll  
 Director,  
 Chief Executive Officer

Rick Clark  
 Deputy Director,  
 Chief Operating Officer

Linda K. Paaymans  
 Secretary-Treasurer,  
 Chief Financial Officer

Beth Branch  
 Chief Commercial Officer

Maria W. Williams  
 Comptroller

\* The Mayor of the City of Mobile and the President of the Mobile County Commission rotate as members of the board of directors for a one year tenure beginning every August 1st.





March 30, 2022

T. Bestor Ward, III  
Alabama State Port Authority Board of Directors  
P.O. Box 1588  
Mobile, AL 36633

Dear Mr. Ward:

We are pleased to present the Annual Comprehensive Financial Report of the Alabama State Port Authority (“the Authority”), an agency of the State of Alabama established in accordance with the laws of the State of Alabama, for the years ended September 30, 2021 and 2020. The purpose of the report is to provide the Board of Directors, the Comptroller, and the Chief Examiner of the State of Alabama, the public, and other interested parties with reliable information concerning the financial condition and results of the operations of the Authority.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority and its management. The Financial Services Department of the Authority prepared this report according to the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position, changes in financial position, cash flows, and results of operations of the Authority in accordance with accounting principles generally accepted in the United States of America (GAAP). All disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activities have been included.

Governmental accounting and auditing principles require that management provide a narrative to accompany the basic financial statements. This narrative, entitled Management’s Discussion and Analysis, follows the independent auditors’ report in the Financial Section of this report. Read this letter of transmittal in conjunction with Management’s Discussion and Analysis, as they are complementary documents.



Certain statistical and demographic information included in this report do not come from accounting records of the Authority, rather presented as reader information.

## PROFILE OF THE AUTHORITY

### General

The Alabama State Port Authority, an agency of the State of Alabama created in 2000 pursuant to the provisions of Title 33 of the Code of Alabama 1975, as amended, owns and manages certain operations at the Port of Mobile, Alabama’s seaport. Prior to August 2000, the Alabama State Docks Department owned and managed these same facilities with an appointed Director, serving at the pleasure of the Governor as a member of their Cabinet. Effective August 1, 2000, the name of the Alabama State Docks Department changed to the Alabama State Port Authority, and the Authority became a separate agency of the State governed by a nine-member board of directors.

The Legislature created the Authority to promote, develop, construct, maintain, and operate all harbors and seaports within the State or its jurisdiction, including the inland waterways program of the State. The Authority is a self-supporting entity whose finances are accounted separately and apart from those of the State, with the Authority functioning much in the manner of an enterprise operation. The Authority retains its revenues, are not paid into the State Treasury, and the Authority has generally received no appropriations from the General Fund of the State of Alabama other than for some capital improvements.

The Authority conducts the majority of the activities in Mobile, the Authority’s extensive facilities in and around Mobile being an integral part of the Port of Mobile hereinafter discussed. The Authority also owns eight inland ports on the rivers of Alabama. During the fiscal year, the Authority optioned a 272-acre parcel in Montgomery, Alabama on which to build and operate an inland container rail port. The purchase closed in February 2022. As will be discussed more fully below, the Authority operates certain business segments directly while outsourcing other business segments to third parties through leases or license arrangements.

All of the Authority’s wharves are public facilities. The main complex lies in the upper channel, north of the Mobile River tunnels, and consists of the General Cargo facilities containing 30 berths and almost 5 million square feet of covered and open storage, the Grain Elevator, roll-on/roll-off terminals, rail switching yards, and various diversified operations.



The McDuffie Terminal is located approximately two miles south of the Mobile River tunnels. The facility includes three berths with two ship loaders and three ship unloaders, two barge unloaders, three barge loaders, two rail car dumps, five stacker re-claimers, two double-winged stackers, and a rail load out facility. The facility, surrounded by rail loop tracks, includes a series of connecting conveyors providing tremendous flexibility. The terminal has the advantage of water depths of 45 feet.

The Authority owns and operates its own switching railroad, which services the Authority's facilities and other local industries near the port. The railroad owns and provides services on approximately 75 miles of railroad track.

The Authority also has operations farther south in the Theodore industrial complex, which includes Mobile Middle Bay Port, with a 600 foot two-sided pier and the Marine Liquid Bulk Terminal. The Marine Liquid Bulk Terminal contains a 1,100-foot pier, equipped for efficient discharge of bulk liquid products, with nearby industrial land available for development. The Liquid Bulk Terminal enjoys water depths of 40 feet, and is equipped with fire suppression equipment.

APM Terminals Mobile provides containerized cargo shippers with access to global networks covering a multitude of trade routes to and from the Port of Mobile. APM Terminals, an independent division within the A.P. Moller-Maersk Group, operates and manages APM Terminals Mobile. The Alabama State Port Authority and APM Terminals jointly invested an initial \$350 million to construct APM Terminals Mobile, the Port of Mobile's state-of-the-art container terminal. APM Terminals Mobile opened in 2008 served by 2,000 feet of berth with 45 feet of water depth, and two post-Panamax and two super post-Panamax ship-to-shore gantry cranes. During fiscal year 2020, the Authority completed a nearly \$47 million expansion that elongated the berth to 2,400 feet to simultaneously accommodate two post-Panamax vessels, as well as increased the size of the operating yard to an annual throughput capacity of 650,000 Twenty-foot Equivalent Units (TEU). Further enlargement of the facility, delivered in phases, along with additional infrastructure, is currently under discussion, to bring annual throughput capacity to over 1.8 million TEU. The Authority invested \$50 million in an intermodal container transfer facility (ICTF) that opened in 2016. The Canadian National Railroad is currently providing service to Jackson, MS, Memphis, TN, Chicago, IL, and northward from this near dock, container rail facility.

The Pinto Island Terminal is the Alabama State Port Authority's deep-water import steel slab terminal that began operations in February 2010. This facility is capable of handling in excess of five million tons of semi-finished steel slabs per year. The 20-acre terminal consists of 1,000 feet of deep-water dock dredged to a depth of 45 feet, as well as a semi-automated barge loading system positioned between the ship berth and the shoreline. The terminal is equipped with three



wide-span gantry cranes, each having an outreach of 150 feet, and back reach of 165 feet. The cranes are able to unload steel from ships to barges, or to the terminal storage yard consisting of 150,000 metric tons of storage capacity. The cranes and the terminal's heavy lift machines utilize electro-permanent magnetic lifting beams to move steel slabs. The steel slabs arrive by vessel, destined for the AM/NS Calvert steel facility located up river from the Authority in North Mobile County, Alabama. Beginning in fiscal year 2019, the Pinto Island Terminal unloaded steel slabs from ships to a nearby free-trade zone, and in fiscal year 2020, loaded its first vessel of steel slabs, demonstrating its ability to load steel slabs for export.

#### Governance

The Governor of the State of Alabama appoints eight members to the Board of Directors of the Authority, subject to confirmation by the Senate of the State of Alabama, for staggered five-year terms. Per statute, the Governor must appoint two board members from each of three regions, including the Central Region, Northern Region, and Southern Region, plus two At-Large (anywhere in the state) members. In addition, one ex-officio member, either the Mayor of the City of Mobile or the President of the Mobile County Commission, on a one-year rotating basis, serves as the ninth member of the Board. The Board of Directors appoints the Director of the Authority. The Director serves as the chief executive officer of the Authority and as such is responsible for managing the affairs of the Authority.

The Authority is not a component unit of any county or city within the State of Alabama since none of these exercise oversight responsibilities over the Authority. Such oversight responsibility means the existence of financial interdependency, the significant ability to influence operations and the accountability for fiscal years. This structure allows the Authority to take a much-needed long-term business outlook for investments, planning, and strategic direction setting.

#### **LOCAL ECONOMY AND OUTLOOK**

Mobile County, the location of the principal operations of the Authority, has a diversified economic base including manufacturing, retail and service segments. The current top ten manufacturers by number of employees are Austal, AM/NS Calvert, Airbus U.S. Manufacturing Facility, VT MAE, Outokumpu Stainless, Evonik Corporation, SSAB Americas, Kimberly-Clark Corporation, Continental Aerospace Technologies, and UOP Honeywell, LLC.

The Mobile area has experienced significant economic growth and diversification over the past several years, and despite the coronavirus pandemic, there were several exciting announcements during the year.



- MTC Logistics created 75 new jobs when it opened its state-of-the-art, \$61 million refrigerated cargo facility designed to provide shippers with supply chain solutions focused on global commerce to service customers in the southeastern U.S.
- Austal USA announced \$109 million investment for construction of a new steel ship manufacturing line.
- South Alabama Logistics Park announced capital investment of \$109 million in a 1,300-acre master-planned industrial park, creating 50 new jobs at an average annual salary of \$70,000.
- SSAB announced investments of \$69 million in new equipment to increase production capacity and that they would move their headquarters to Mobile, resulting in 31 new jobs at an average annual salary of \$93,000.
- Coca-Cola Bottling United announced expansion plans and new warehousing system at its Mobile facility resulting from a \$48.4 million capital investment, creating 15 new jobs at an average annual salary of \$43,000.
- Ray-Mont Logistics announced plans to invest \$19 million for a high-tech logistics park, creating 50 new jobs with an average annual salary of \$70,000.
- Ren Seafood is investing \$12.4 million in a planned seafood processing facility and distribution hub in Mobile, resulting in 54 new jobs paying an average annual salary of \$39,000.

Additionally, the area continues to benefit from an infusion of over \$300 million, courtesy of the RESTORE Act and the Alabama Gulf Coast Recovery Council, to fund projects in Mobile and Baldwin Counties for infrastructure, environmental restoration, and economic development projects. Numbering nearly fifty projects, they include major road expansions, a RO-RO facility at the Port of Mobile, projects affecting Dauphin Island's Aloe Bay, redevelopment of the Bayou La Batre docks, and improvements to water-sewer systems including elimination of sewage overflows. The funding is a result of the penalties paid by the companies involved in the 2010 Deepwater Horizon oil disaster in the Gulf of Mexico.

Overall unemployment for Mobile County ended the 2021 calendar year at 4.6%. The State of Alabama ended the 2021 calendar year at 3.4%, while the national unemployment rate ended the year at 3.9%.



The Alabama State Port Authority is also critical to the economic growth of the region's economy. The Authority's capital improvement and diversification policies have resulted in significant capacity increases, which place the Authority in a position to accommodate additional cargo volumes. Increased volumes through the Authority affect the region's economy in a positive manner.

### FINANCIAL POLICIES AND LONG-TERM FINANCIAL PLANNING

#### Accounting Policies

The accounting policies of the Authority and this report conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB), including the reporting model referred to as GASB Statement No. 34. Note 1 to the financial statements includes a summary of significant accounting policies.

#### Financial Statement Responsibility

The integrity and objectivity of the data in these financial statements and supplemental schedules, including estimates and judgments relating to matters not concluded by year-end, and the Annual Comprehensive Financial Report are the responsibility of the Chief Financial Officer. Therefore, the Chief Financial Officer maintains, at reasonable cost, a system of internal accounting controls, to give reasonable assurance that the Authority's assets remain protected and financial transactions documented properly.

The Financial Services Division, under the direction of the Comptroller, maintains the general accounting records of the Authority. The planning and conducting of the financial operations of the Authority are in a responsible and progressive manner. The Department of Examiners of Public Accounts of the State of Alabama periodically audits these records. The independent accounting firm of Warren Averett, LLC, performs independent audits of the Authority's annual financial statements. As necessary, Warren Averett, LLC audits the Authority's compliance with the requirements described in the Uniform Guidance (Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) that are applicable to each of the Authority's major federal programs.

#### Independent Accountants

The financial statements as of September 30, 2021 and 2020, and for the years then ended have been audited by Warren Averett, LLC, independent accountants, as stated in their report appearing herein.



#### Internal Accounting Control

In developing and evaluating the Authority's accounting system, and affecting the adequacy of internal accounting controls are the Authority's Board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting; (b) effectiveness and efficiency of operations; and (c) compliance with applicable laws and regulations.

The Authority's internal control structure consists of five interrelated components, which are:

1. Control environment: Management philosophy, style, and values set the tone of the Authority as a well-controlled organization, influencing the control consciousness of our people. It is the foundation for all other components of internal control providing discipline and structure.
2. Risk assessment: The Authority identifies and analyzes relevant risks to achieve its objectives, forming a basis for determining how to manage the risk.
3. Control activities: These are comprised of the Authority's policies and procedures that help ensure execution of management directives. These activities include approvals/authorization, verification, reconciliations and segregation of duties.
4. Information and communication: This component is the identification, capture, and exchange of management information reports and analysis of external information.
5. Monitoring: This is the process of assessing the quality of internal control performance over time, and includes supervisor/managerial reviews, internal/external audits, and Board oversight.

Internal control, no matter how well designed and operated, can provide only reasonable assurance to management and the Board regarding achievement of the Authority's control objectives. Limitations inherent to internal control affect the likelihood of achievement of these control objectives. These include the realities that human judgement in decision-making can be faulty and that breakdowns in internal control can occur because of such human failures as simple error or mistake. Additionally, the collusion of two or more people, or management override of internal control, can circumvent controls. The cost of the Authority's internal control can be another limiting factor, as it should not exceed the expected benefits derived.



We believe the Authority's internal accounting controls, with independent internal audit functions performed by the State of Alabama Department of Examiners of Public Accounts, adequately safeguard the Authority's assets, and provide reasonable assurance of the proper recording of financial transactions.

#### Budgets

The Authority staff prepares an annual operating budget based upon projected revenues and expenses for the subsequent fiscal year. Based upon projected cash flows from the operating budget and other expected funding sources, the staff also prepares a capital budget. Management submits the budgets to the Board of Directors for approval.

Following the adoption of the budgets by the Board of Directors, management monitors the budgets on a monthly, quarterly, and annual basis. Budget variances are included in the monthly financial reports to the Board of Directors.

Management submits major new projects not included in the adopted budgets to the Board of Directors for approval. New minor projects do not require Board of Director approval provided the overall capital plan remains within budget.

#### Capital Planning

The Authority has maintained an aggressive capital improvement program, initially consolidated into a master development plan in 2001, and updated at appropriate intervals, one of which is currently in progress. Planning includes phased program expenditures, as necessary, to accommodate business growth and requirements. Private sector participation, as well as grant funding, comprises a critical element of the capital plan. The capital plan currently includes projects in excess of \$460 million over the next six years. The Authority has identified a total of \$726 million in possible projects should funding be secured.

The Alabama State Port Authority and the U.S. Army Corps of Engineers executed the Mobile Harbor Preconstruction, Engineering, and Design Agreement during fiscal year 2020, as well as entered into the Project Partnership Agreement. Construction on the modifications began in fiscal year 2021. The Project Partnership Agreement allows the project to move into the contracting and construction phases. The State of Alabama will finance the local share of the project and utilize fuel tax revenue, generated as part of the Rebuild Alabama Infrastructure Plan, to pay for revenue bonds issued through a special transportation financing authority. U.S. Senator Richard Shelby allocated \$274.3 million in the Fiscal Year 2020 Work Plan, providing the resources for the full federal share of the approximately \$365.7 million project cost.



On March 2, 2022, the U.S. Department of Transportation awarded \$100 million to the Alabama State Port Authority (ASPA) and the Mobile Airport Authority (MAA) through the USDOT Demonstration Program Grant to facilitate capital infrastructure at the Port of Mobile and the Mobile Downtown Airport (BFM). The intention of the competitive grant, authorized under the Consolidated Appropriations Act, is to increase the efficiency of freight movements by air, rail, highway, and water. The Authority will receive \$38 million to leverage freight movement efficiencies. The Authority will invest in an inter-terminal connector bridge at the container intermodal complex to connect the marine terminal with the ICTF terminals and adjacent logistics park. The Authority will also invest in site development and civil infrastructure in preparation for the construction of distribution centers.

#### Debt Management

All of the outstanding bonds of the Authority are special, limited obligations of the Authority, payable solely out of and secured by a pledge of and lien on (i) Docks Facilities Revenues and (ii) any income from the investment thereof. The outstanding bonds are senior lien bonds with a parity lien with each of the other series.

On August 26, 2020, the Authority issued the \$46,986,000 Docks Facilities Revenue Bond Series 2020 to refund part of Short-Term Docks Facilities Revenue Bond Series 2018 and used \$3,014,000 of investment funds remaining from Series 2018 proceeds to refund the remaining amount due on the Series 2018. The Authority issued the Short-Term Docks Facilities Revenue Bond Series 2018 to finance the expansion of the container handling capacity of the operations at the APM Terminals Mobile along with the dock extension and other land improvements thereon. The Docks Facilities Revenue Refunding Bonds Series 2017 (ACD), and the Docks Facilities Revenue Refunding Bond Series 2008A account for the additional bonds outstanding at the end of fiscal year 2021.

### **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

#### Master Plan

The Authority's 2001 Master Development Plan conceived a logistics facility consisting of three interconnected and interrelated elements: a marine container terminal, an intermodal container-transfer facility (ICTF) and a logistics park utilizing parcels of adjacent land. Since that time, the Authority has made significant progress in realizing its vision to be a leading, regional logistics facility.



The first element of the logistics facility, the container terminal, located just to the north of the McDuffie Terminal, became operational in its first phase in October 2008. This facility was constructed utilizing funds from the Authority, the State of Alabama, the U.S. Department of Transportation, and the private sector partner, Mobile Container Terminal, LLC. In August 2014, the Authority purchased two significant industrial properties adjacent to the container terminal complex. The properties provide strategic expansion capabilities for the container terminal and the logistics park.

The Phase II expansion of the container terminal reached completion in fiscal year 2017, with APM Terminals, the operator of the container terminal, adding two Super-Post Panamax cranes and, along with the Alabama State Port Authority, expanding the container facility by approximately 20 acres. The additional cranes and yard space significantly increased the terminal's capacity. The Phase III expansion of the container terminal concluded during fiscal year 2020. This further expansion resulted in additional 20-acres of container storage area with a 400-foot extension of the dock itself. Negotiation for Phases IV and V, for additional expansion of the container storage area onto 32 acres acquired in 2014, should conclude in Q3 of fiscal year 2022. Densification of the entire facilities or Phase V will take place in subsequent years.

The ICTF is the second element of the facility, with funding provided by multiple sources including the Authority, the U.S. Department of Transportation, and private sector sources. During 2012, the Authority received a \$12 million U.S. Department of Transportation grant through their Transportation Investment Generating Economic Recovery (TIGER) grant program to construct Phase I of the intermodal rail facility. The Authority funded the non-federal portion to complete this phase, put into operation in June 2016.

Construction of the logistics park, the third element, began during fiscal 2020 when MTC Logistics, a company headquartered in Baltimore, began erecting steel for their estimated \$61 million refrigerated cargo facility and International Distribution Center, opened in October 2021. The expected selection of the private entity for the development of the remaining 124 acres of the logistics park in fiscal year 2022 appears on schedule, with buildout to follow quickly.

#### Steel Terminal

The Authority approved a concession agreement with Alabama Steel Terminals, LLC to develop, operate, and manage a new steel coil handling facility on the main docks complex. March 2015 marked the completion of the first phase of a two-phase project, representing the commencement of operations. The utilization of the first phase was rapidly approaching capacity prior to the coronavirus pandemic. The effect of COVID-19 on volumes, coupled with the impact of quotas



and tariffs on the need for additional capacity for storage and handling of steel products, influences the timing of the second phase.

Automobile Terminal

The Authority signed an agreement with AutoMOBILE International Terminal to operate a new automobile logistics facility on the site of the former Bulk Materials Handling Plant. The 60-acre, \$60 million dollar investment of the roll-on/roll-off AutoMOBILE Terminal concluded in June 2021. Handover of the property to the operator of the terminal occurred at that time. The Authority applied and received support for this initiative through the RESTORE Act, established in connection with the Deepwater Horizon oil spill, and the U.S. Department of Transportation TIGER grant programs. The concessionaire, AutoMOBILE International Terminal, made a sizeable investment in the automobile-related facilities, while the Authority was responsible for infrastructure improvements.

Channel Improvement

During fiscal year 2020, the Authority secured both state and federal funding for the project to widen and deepen the Mobile Harbor ship channel. The Alabama State Port Authority and the U.S. Army Corps of Engineers executed the Mobile Harbor Preconstruction, Engineering, and Design Agreement as well as entered into the Project Partnership Agreement. The channel widening and deepening project began in June 2021 with completion expected by the first quarter of 2025.

Legislative initiatives

The Authority maintains a very active presence in both the state and federal legislative arenas. A significant part of the legislative initiative is to identify and pursue funding that will benefit the Authority, the port community, and the State of Alabama. The Authority continues to work with congressional and other partners on realizing industry support for the full use of the Harbor Maintenance Tax proceeds.



**CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) issues its Certificate of Achievement for Excellence in Financial Reporting to those governmental entities that publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

We believe our current report conforms to the Certificate of Achievement Program requirement; therefore, we are submitting it to the GFOA to determine its eligibility for certification.

**ACKNOWLEDGEMENTS**

The preparation of this report would be impossible without the tireless efforts of the members of the Financial Services Division staff. We would like to thank the officials and staff members from the other divisions of the Authority who also contributed to this effort.

John C. Driscoll

Director & CEO

Linda K. Paaymans

Secretary-Treasurer,  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Alabama State Port Authority**

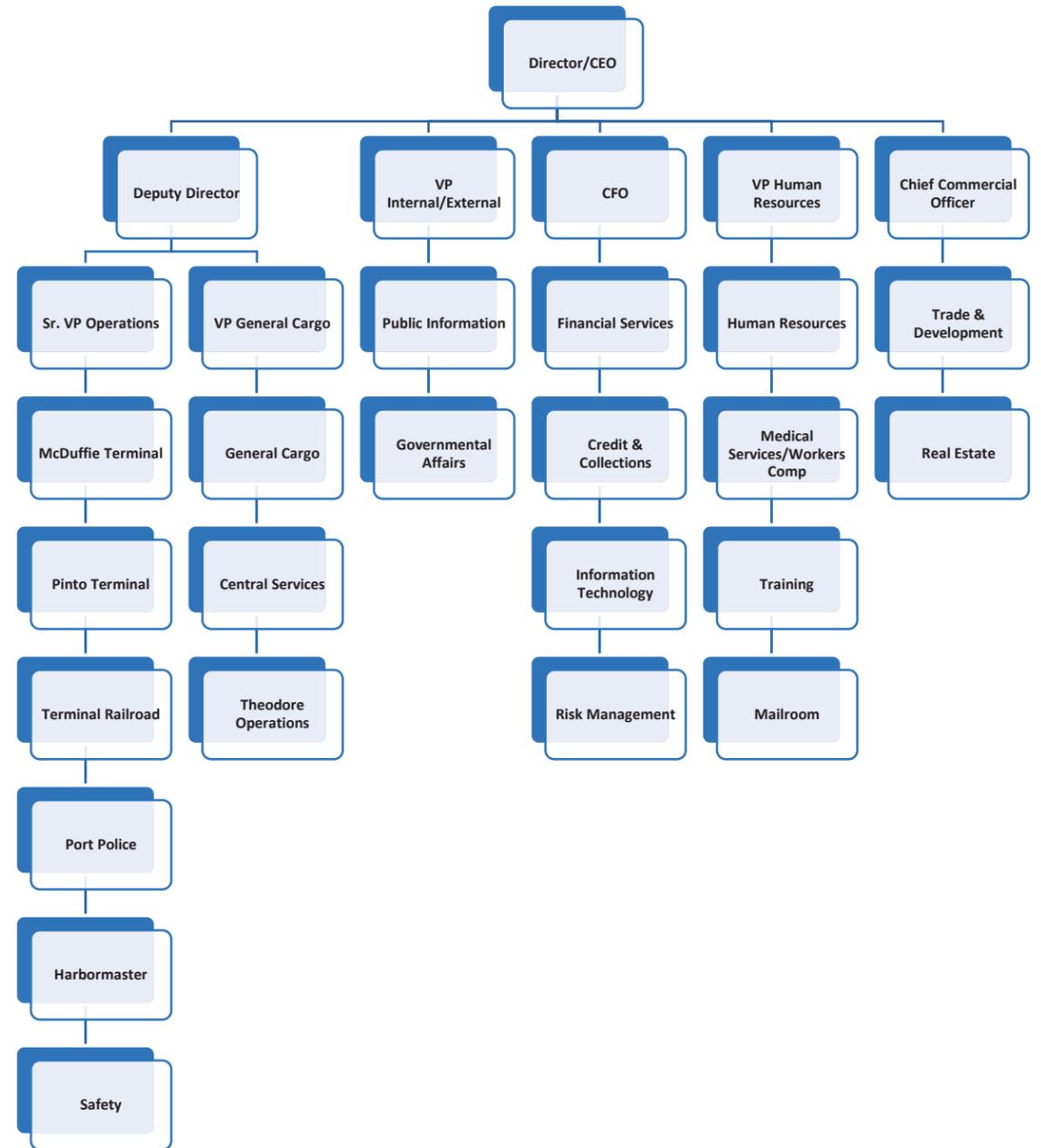
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morill*

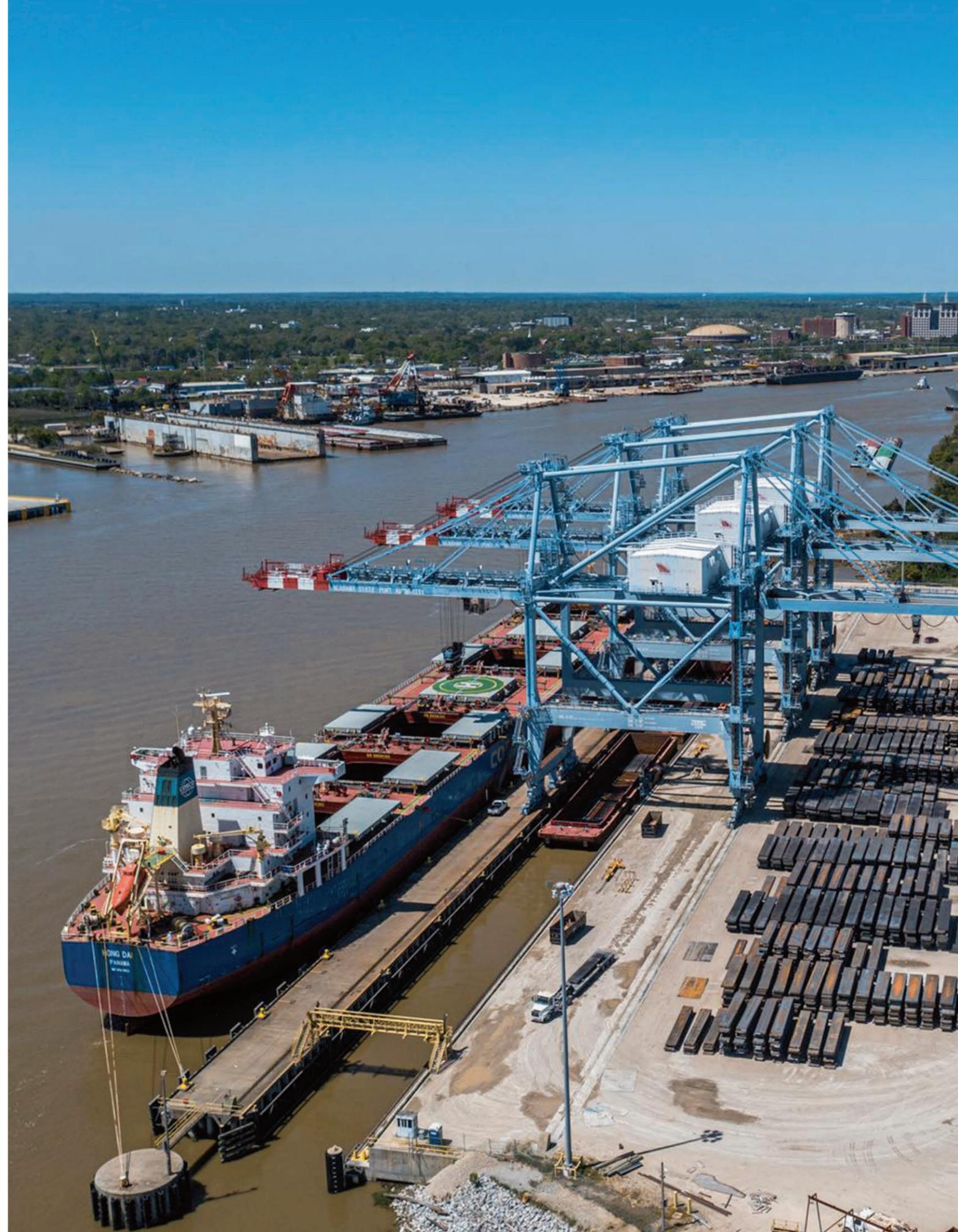
Executive Director/CEO

**ALABAMA STATE PORT AUTHORITY  
ORGANIZATIONAL CHART  
AS OF SEPTEMBER 30, 2021**





## FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Alabama State Port Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the Alabama State Port Authority, an agency of the State of Alabama, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Alabama State Port 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.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 respective financial position of the Alabama State Port Authority as of September 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and OPEB information on pages 24-37 and 89-102, 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 Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022, 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 that 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.



Mobile, Alabama  
March 7, 2022

**ALABAMA STATE PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2021 AND 2020**

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The discussion and analysis of the financial performance of the Alabama State Port Authority (Authority) provides an overview of the entity's financial activities for the fiscal years ended September 30, 2021 and 2020. Please read this summary in conjunction with the Authority's financial statements and the accompanying notes that follow this section, which are essential in identifying the changes to the financial condition that occurred during the most recent fiscal year.

**Operating Highlights**

- Alabama's seaport modernization program began construction to deliver a deeper and wider Mobile Ship Channel and lower harbor turning basin improvements.
- The Authority set an export metallurgical coal shipment record.
- The Authority created the position of Chief Commercial Officer and made other moves to strengthen management focus.
- The coronavirus continued to be disruptive to the global supply chain, but Mobile benefitted as shippers sought uncongested gateways servicing key North American markets.
- Construction of the finished automobile roll on/roll off terminal at the port was completed.
- Planning is underway for the creation of 1,200 acres of wetlands in the Upper Mobile Bay through the beneficial use of dredged sediments.

Alabama's seaport modernization program began construction in May 2021 to deliver, by year 2025, a deeper and wider Mobile Ship Channel and improvements to the turning basin in the lower harbor. The U.S. Army Corps of Engineers (USACE) Mobile District executed two construction contracts in a multi-phase, \$365.7 million construction program, engineered and designed to deepen the existing Bar, Bay and River Channels Bar, by 5 feet each, to a project depth of 50 feet. Additional depths for wave allowances, advanced maintenance, and allowable over depth for dredging, are incorporated within the project scope (total depths of 56, 54, and 54 feet, respectively). The project also includes widening the Bay Channel by 100 feet for three nautical miles to accommodate two-way vessel traffic and other safety improvements. This work-start represents a \$53.9 million contract for dredging operations running a distance of 12 miles north of the planned widening. The contractor will utilize hopper and mechanical (bucket) dredges over a period of approximately eighteen months. Additional construction is tied to an \$8.3 million contract awarded in September 2020 to dredge approximately 2.2 miles of the bar channel utilizing hopper dredges. This work also began this year.

The USACE and the Authority entered into the Project Partnership Agreement in June 2020 to allow the contracting and construction phases to begin. In March 2019, the State of Alabama (State) allocated a portion of state fuel tax proceeds to support approximately \$150 million in state bonds to meet the federal cost-share requirements for the seaport modernization program that received full federal funding in February 2020. The channel improvement project is keeping pace with ongoing terminal investments in Alabama's seaport to ensure economies of scale and competitive rates for the seaport's shippers. The harbor improvements will primarily serve coal and containerized shippers using the larger, Post-Panamax sized vessels.

**ALABAMA STATE PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
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The harbor improvements along with the Authority's planned multi-phase, \$45 million capital improvement program at the McDuffie Coal Terminal are oriented toward meeting increasing vessel size and projected shipper demand. The focus shore-side will be in new equipment, equipment upgrades, and yard management to accommodate customer-anticipated coal exports. Alabama's metallurgical coal is in demand, and its market on the upswing with nearly \$1.4 billion in recent or planned mining investments. Alabama's low sulfur, high quality coking coal is ideally suited for steel producers.

During its annual North American Port Performance Conference, *The Journal of Commerce* presented the Authority its award for Most Improved Port Performance Overall in North America for the 2017-2018 cycle, the most recent period reviewed. The Authority's partner, APM Terminals Mobile, came in second overall for Most Improved Terminal in North America. Based on port productivity data, *The Journal of Commerce* annually recognizes the top three North American container ports, the top three North American container port terminals, the top three container ports overall, and the top three container berths during the past year. Since its opening in 2008, Alabama's container terminal at the Port of Mobile has been recognized for overall containerized cargo growth amongst North American ports, including fastest growth port in 2016, top five fastest growth port in 2017, and fastest growth import port in 2018.

The Authority set another record for export coal shipment loading 146,479 short tons at its McDuffie Coal Terminal. The coal was loaded to the Newcastle Max class bulk carrier, NSU WELFARE, which matches the previous record bulk ship to call the port measuring 984.2 feet in length overall (LOA) with a width of 164.3 feet. Increased Newcastle Max calls match increasing Post-Panamax vessel calls into Mobile, in part due to ongoing infrastructure investments. All of the cargo loaded at the McDuffie Coal Terminal consisted of Alabama metallurgical grade coal bound for Asian markets. This tonnage record exceeded one set in June 2020 with the loading of 135,484 short tons of metallurgical grade coal, also destined for Asian markets, on the Newcastle Max bulk carrier NSU VOYAGER.

The Authority continued to focus on its customers by creating the position of Chief Commercial Officer, hiring Beth Ann Branch, a seasoned industry executive with business development, international marketing, and process improvement experience. Her extensive commercial maritime experience, in both the public and private sectors, made her stand out among the candidates to fill this critical position of leading all commercial activities involving sales, marketing, and real estate development. The Authority named Judith Adams as Vice President of Internal/External Affairs, leading government relations initiatives at the local, state, and federal levels. This position also leads port-wide administration for buildings services, service contracts, and internal policy development. Ms. Adams continues to manage the Authority's community and public affairs, internal and external communications, public policy, events, and serves as the port's economic development liaison. Bill Inge, Vice President of General Cargo and Central Services, added the Theodore terminals and operating lease terminals management to his portfolio of responsibilities. These changes provide business and administration management continuity for the Authority's customers and employees, and better align with the Authority's business objectives and strategies for growth.

**ALABAMA STATE PORT AUTHORITY  
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Containerized cargo volumes continued to climb in fiscal 2021 as shippers sought uncongested gateways servicing key North American markets. Container volume through the Port of Mobile (Port) increased 27% over fiscal 2020. Much of this increase was driven by a nearly \$74 million investment in refrigerated facilities at the Port to support cold cargo supply chains, which provided the foundation for a 46.7% increase in refrigerated container volumes. In total, the Port handled over 327,000 twenty-foot containers (TEUs). Mobile has steadily invested in its container terminals to provide growth-oriented capacity, streamlined operations, and enhanced services.

The Port's new container intermodal container transfer facility (ICTF) also saw increased volume. The addition of vessel calls to support Asia trade, coupled with domestic retail consumption and increasing congestion through traditional west and east coast gateways, contributed to shifts in supply chains with shippers seeking both capacity and faster service into Memphis and Chicago, and shippers opting to utilize Mobile for rail service into Midwest and Canadian markets. The ICTF continued its upward volume trajectory posting fiscal 2021 intermodal rail volume growth of 223% compared to fiscal 2020. When comparing fiscal year 2019 growth with fiscal year 2021, the Port's intermodal rail volume grew by 703%. APM Terminals Mobile, who operates both the marine and intermodal container transfer facility at Mobile, added two additional rubber-tire gantry cranes in September 2021 to support throughput demand and maintain efficiencies at the ICTF. Volume through Mobile is growing at an accelerated pace as customers take advantage of consistent service and ample capacity.

The Authority and AutoMOBILE International Terminal (AIT), the operator of the facility, completed construction of the \$60 million automobile roll on/roll off terminal at the Port. AIT is a joint venture between Terminal Zarate, S.A., a Grupo Murchison company, headquartered in Buenos Aires, Argentina and Neltume Ports, headquartered in Santiago, Chile, both excellent service companies whose investments were welcomed by the Authority. AIT's investment established a new U.S. gateway for shipping finished automobiles for both U.S. and global manufacturing and consumer markets. The new 57-acre terminal is located on the Authority's main port multimodal complex, with annual throughput capacity of 150,000 units.

The Authority began planning for the creation of 1,200 acres of wetlands in the Upper Mobile Bay through the beneficial use of dredged sediments, a project known as the Upper Mobile Bay Beneficial Use Wetland Creation Site Planning Project. The project considers an area in the bay about 1.5 to 2.5 miles south of the causeway (Highway 90/98) and Interstate 10. The \$2.5 million planning project is funded by the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf States Act (RESTORE)-Bucket 2. It is a Gulf Coast Ecosystem Restoration Council-approved project, sponsored and directed by the Authority. Utilizing dredged sediment to create wetlands rather than placing this material in upland or open-water management areas is a wise use of a valuable Alabama natural resource. Benefits resulting from this wetland creation project will include improved water quality, more habitat for living coastal and marine organisms, and implementation of improved dredging practices that support navigation-related industries and thus the region's economy.

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Planning activities should be complete by the end of calendar year 2021. Members of the project team include local coastal engineers and scientists who will perform investigations, studies, and engineering design work to meet all federal and state compliance requirements. Work to define the exact location of the wetland site and identify sources of material for construction of the wetland will take place during the latter part of calendar year 2021. As part of the planning process, the Authority will file a construction permit application with the USACE. Upon completion of the planning phase, which includes public comments, the Authority anticipates requesting construction funds for the first 100 acres of wetlands from the RESTORE Council in 2022. The creation of an additional 1,100 acres of wetlands would then occur over the next 10 to 20 years.

**Financial Highlights**

- The Authority's revenues increased to \$151,655,871 in fiscal 2021 as compared to \$139,822,169 in fiscal 2020, and decreased from \$158,449,481 in fiscal 2019.
- The Authority's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources (net position) at September 30, 2021, 2020, and 2019, by \$372,164,177, \$337,888,078, and \$313,234,840, respectively.
- The Authority's total net position increased \$34,276,099 in fiscal 2021 as compared to an increase of \$24,653,238 in fiscal 2020, and an increase of \$8,450,093 in fiscal 2019.
- Total bonded debt of the Authority decreased to \$312,126,000 as of September 30, 2021, as compared to \$325,186,000 and \$340,625,000 as of September 30, 2020 and 2019, respectively.

**Overview of the Financial Statements**

Governmental entities adhere to accounting and financial reporting rules and regulations promulgated by the Governmental Accounting Standards Board (GASB). The Authority established a reporting model mandated by GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The Authority follows enterprise fund accounting and reporting requirements, including the accrual basis of accounting and applications of GASB pronouncements, thus the basic financial statements of the Authority include the following financial elements:

The **statements of net position** provide the reader with information about the assets of the Authority as well as outstanding liabilities. The difference between assets, deferred outflows, liabilities, and deferred inflows is reported as net position. The presentation of net position provides additional details, which may assist the reader in understanding the unrestricted resources of the Authority as compared to those that are restricted. Changes over time in net position may indicate an improving or deteriorating financial condition.

The **statements of revenues, expenses, and changes in net position** reflect the revenues and expenses, both operating and nonoperating, of the current and previous fiscal years. The net of revenues less expenses, when combined with other nonoperating items such as investment income, interest expense, and capital grants and contributions, represents the net increase or decrease in the Authority's net position for the fiscal year. A review of these statements provides an indication of the financial health of the Authority.

**ALABAMA STATE PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
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The **statements of cash flows** present those items that affect the Authority's cash and cash equivalents during the fiscal year. A reconciliation of the cash provided by operating activities to the Authority's operating income, as reflected on the statements of revenues, expenses, and changes in net position, is also included.

The notes to the financial statements provide additional information that may not be readily apparent from the financial statements.

**Analysis of Financial Statements**

This discussion of the Authority's financial statements highlights major changes in the Authority's assets, deferred outflows, liabilities, and deferred inflows for fiscal 2021 and fiscal 2020, as well as changes in revenues and expenses as reflected in the accompanying financial statements.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>			
Current and other assets	\$ 142,372,765	\$ 137,304,900	\$ 152,113,520
Capital assets, net	<u>632,766,175</u>	<u>621,425,390</u>	<u>601,230,360</u>
Total assets	<u>775,138,940</u>	<u>758,730,290</u>	<u>753,343,880</u>
<b>Deferred outflows of resources</b>	<u>24,811,503</u>	<u>28,923,740</u>	<u>28,974,464</u>
<b>Liabilities</b>			
Long-term debt outstanding, net	308,849,451	324,616,527	341,804,640
Net pension liability	21,451,914	20,099,684	20,106,687
Net OPEB liability	13,623,335	29,406,243	47,368,513
Other liabilities	<u>49,481,544</u>	<u>46,861,263</u>	<u>47,168,553</u>
Total liabilities	<u>393,406,244</u>	<u>420,983,717</u>	<u>456,448,393</u>
<b>Deferred inflows of resources</b>	<u>34,380,022</u>	<u>28,782,235</u>	<u>12,635,111</u>
<b>Net position</b>			
Net investment in capital assets	319,944,165	295,756,279	281,598,996
Restricted expendable:			
Debt service	31,198,328	29,165,784	35,981,425
Capital projects	682,096	681,924	-
Unrestricted	<u>20,339,588</u>	<u>12,284,091</u>	<u>(4,345,581)</u>
Total net position	<u>\$ 372,164,177</u>	<u>\$ 337,888,078</u>	<u>\$ 313,234,840</u>

**ALABAMA STATE PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
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**The Authority's Net Position**

Changes in net position over time is one measurement of the Authority's financial condition. The Authority's increase in net position for fiscal 2021 was \$34,276,099. This represents an improvement of \$9,622,861 from fiscal 2020 results. Operating revenues increased from fiscal 2020 due to improved terms within coal handling agreements, despite slightly lower volumes of metallurgical coal (2%), strength in general cargo, and improved utilization of commercial real estate. Total tonnages of iron and steel products increased (14%), and forest products increased (4%). The Authority continued to receive funding, as it has since 2016, as a designated energy port under the Water Resources Reform and Development Act (Act). These funds are used for maintenance dredging, dredged materials management, and environmental remediation related to dredging berths and Federal navigation channels as designated approved activities under the Act. In fiscal 2021, \$4,950,000 of revenue from this funding source was recognized, which offset costs incurred associated with these approved dredging activities.

The Authority's increase in net position for fiscal 2020 was \$24,653,238. This represents an improvement of \$16,203,145 from fiscal 2019 results. Operating revenues declined from fiscal 2019 due to decreased volume of metallurgical coal (22%) negatively affecting revenues at both the McDuffie Coal Terminal and the Terminal Railway. Total tonnages of iron and steel products decreased (14%), while forest products increased (1.3%). The Authority continued to receive funding as a designated energy port. In fiscal 2020, \$5,937,065 of revenue from this funding source was recognized, which offset costs incurred associated with approved dredging activities.

Of the Authority's \$372,164,177 in net position as of September 30, 2021, \$319,944,165 represents its investment in capital assets (including intangible assets), less any outstanding debt used to acquire or construct these assets. In addition, \$31,880,424 of the Authority's net position represents resources subject to external bond and interest rate swap restrictions related to the use of these funds for debt service, as well as cash restricted for use in capital projects. The balance of \$20,339,588 is the net remaining of items not considered to be investment in capital assets, net or restricted. The unrestricted amount was negative in fiscal 2019 due to the impact of the implementation of GASB Statement No. 68 (*Accounting and Financial Reporting for Pensions*) in fiscal 2015, which required a retrospective adjustment to unrestricted net position of (\$26,919,476), and the implementation of GASB Statement No. 75 (*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*) in fiscal 2018, which required a retrospective adjustment to unrestricted net position of (\$44,630,019).

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**Statements of Revenues, Expenses, and Changes in Net Position**

The following table presents a condensed comparative summary of the Authority's revenues, expenses, and changes in net position for the fiscal years ended September 30, 2021, 2020, and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 151,655,871	\$ 139,822,169	\$ 158,449,481
Operating expenses	121,677,526	130,910,647	133,845,047
Operating income	<u>29,978,345</u>	<u>8,911,522</u>	<u>24,604,434</u>
Net nonoperating expenses	<u>(13,628,003)</u>	<u>(8,160,720)</u>	<u>(16,154,341)</u>
Income before capital grants and contributions	16,350,342	750,802	8,450,093
Capital grants and contributions	<u>17,925,757</u>	<u>23,902,436</u>	<u>-</u>
Increase in net position	34,276,099	24,653,238	8,450,093
Net position, beginning of year	<u>337,888,078</u>	<u>313,234,840</u>	<u>304,784,747</u>
Net position, end of year	<u>\$ 372,164,177</u>	<u>\$ 337,888,078</u>	<u>\$ 313,234,840</u>

Fiscal 2021 operating revenues increased 8% as compared to 2020, from \$139.8 million to \$151.7 million, resulting largely from improved terms within coal handling agreements, increased demand for steel products, lumber, and improved utilization of commercial real estate. Revenue at the McDuffie Coal Terminal increased by \$2.5 million (4%), due to more favorable terms. With increased revenues from iron and steel products, and an increased allocation of energy port funds, which totaled \$2.4 million in fiscal 2021 compared with \$1.4 million in fiscal 2020, General Cargo/Intermodal revenues increased by \$3.0 million (9%). The Terminal Railway revenues were \$0.2 million (1%) more than fiscal 2020, a result of increases in general switching, storage, rail ferry usage, and hazardous material surcharges, which were partially offset by decreased metallurgical coal volume and capital assessments. The Real Estate division increased by \$4.9 million (46%) due largely to improved utilization of commercial real estate, an improved grain season, more cement shipments, a larger proportional share of the Authority's energy port funds, and record utilization of the container terminal and the intermodal container transfer facility. The Marine Liquid Bulk Terminal increased by \$0.4 million (12%) related to the rise of customer shipments through the facility. The Other operating revenue category increased by \$0.7 million (14%) due largely to fees associated with third-party usage of the Authority's dredge-material management areas, and a slight increase in steel-related revenue at the Axis Inland Dock.

The Authority received approximately \$17.9 million in grant revenue to partially fund the construction at the brownfield site of the automobile roll-on/roll-off facility and the Upper Mobile Bay Beneficial Use Wetland Creation Site Project.

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Fiscal 2020 operating revenues decreased 12% as compared to 2019, from \$158.4 million to \$139.8 million, resulting largely from the decreased demand for steel products and thus, for metallurgical coal. Revenue at the McDuffie Coal Terminal decreased by \$12.2 million (16%), due to decreased volumes of coal moving through the Port in fiscal 2020. With decreased revenues from iron and steel products, and a decreased allocation of energy port funds, which totaled \$1.4 million in fiscal 2020 compared with \$2.9 million in fiscal 2019, General Cargo/Intermodal revenues decreased by \$5.5 million (14%). The Terminal Railway revenues were \$0.15 million (1%) less than fiscal 2019, a result of the decreased metallurgical coal volume and capital assessments, which were partially offset by increases in general switching, storage, rail ferry usage, and hazardous material surcharges. The Real Estate division decreased by \$0.3 million (3%) due to the poor grain season, lack of cement shipments, and lower land occupancy rates. The Marine Liquid Bulk Terminal decreased by \$0.2 million (6%) related to the reduced level of customer shipments through the facility. The Other operating revenue category decreased by \$0.2 million (4%) due to a decrease in steel-related revenue at the Axis Inland Dock, and a decrease in fees at the Harbormaster division, associated with the general downturn in shipping due to the global coronavirus pandemic.

In fiscal 2020, the Authority received approximately \$23.9 million in grant revenue to partially fund the construction at the brownfield site of the automobile roll-on/roll-off facility.

The next table lists operating revenues by business segment for each fiscal year ended September 30:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Operating revenues</b>			
McDuffie Coal Terminal	\$ 65,486,584	\$ 62,937,763	\$ 75,109,290
General Cargo/Intermodal	38,275,968	35,245,780	40,785,389
Terminal Railway	22,514,468	22,269,758	22,424,632
Real Estate	15,543,240	10,655,648	10,988,312
Marine Liquid Bulk Terminal	3,761,245	3,368,812	3,585,615
Other	<u>6,074,366</u>	<u>5,344,408</u>	<u>5,556,243</u>
Total operating revenues	<u>\$ 151,655,871</u>	<u>\$ 139,822,169</u>	<u>\$ 158,449,481</u>

Fiscal 2021 operating expenses decreased as compared to fiscal 2020, from \$130.9 million to \$121.7 million. Expenses associated with the operation and maintenance of facilities decreased by approximately \$9.1 million, with the majority (\$9.3 million) associated with the McDuffie Coal Terminal. A reduction in coal volume at the McDuffie Coal Terminal (4%) drove reductions in variable costs (\$3.5 million) and maintenance costs (\$5.4 million). The expected discontinuation of importation of thermal coal also allowed for reduced customary maintenance on specific equipment. Additional reductions include lower allocations for other postemployment benefits (OPEB) (\$2.1 million), and lower maintenance at the Inland Docks division (\$0.5 million), where allision repairs were incurred during fiscal 2020. Partially offsetting these cost reductions were higher dredging costs (\$1.7 million), a result of higher siltation rates, as well as higher transportation costs for hauling dredge material to management sites.

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Operating expenses were higher at the General Cargo/Intermodal division (\$1.1 million) largely due to increases for dredging (\$2.0 million) and damages caused by Hurricanes Sally and Zeta (\$0.8 million) that fall outside of insurance limits, which were partially offset by decreases in maintenance expense (\$1.1 million), and allocated OPEB charges (\$0.6 million). As a result of increased overall volume (1%), the Terminal Railway incurred higher expenses during fiscal 2021 as compared with fiscal 2020 (\$0.8 million). Railcar switching activity increased noticeably in grain cars (133%) and at the ICTF (241%), while coal switching (5%) and general switching (7%) decreased slightly. The majority of the expense increase was in maintenance, with a small increase in personnel. Expense at the Real Estate division was higher (\$0.2 million) due to increased dredging expense (\$1.0 million) and higher contract engineering and outside services (\$0.2 million), that was partially offset by reductions in the fiscal year adjustment of the environmental reserve (\$1.0 million).

General and administrative expenses decreased by \$2.3 million during fiscal 2021, driven by a large decrease in allocated OPEB charges (\$1.4 million); constrained personnel expenses due to the tight labor market causing difficulties in filling open positions from normal attrition (\$0.5 million); continued travel prohibition due to surges in the coronavirus limiting customer, employee, and board of director activities (\$0.3 million); and a onetime expense in fiscal 2020 to furnish a film about the Port of Mobile to be shown at the National Maritime Museum of the Gulf of Mexico (\$0.1 million).

Fiscal 2020 operating expenses decreased as compared to fiscal 2019, from \$133.8 million to \$130.9 million. Expenses associated with the operation and maintenance of facilities decreased by approximately \$5.7 million, with the majority associated with the decreased volume of coal moving through the McDuffie Coal Terminal, allowing for reductions in variable costs (\$4.6 million). The remainder of the reduction in operating expense occurred at the General Cargo/Intermodal division (\$1.4 million), with an increase in the Inland Docks division (\$0.5 million). Expenses were lower at the General Cargo/Intermodal division largely due to decreases for personnel and dredging, as well as maintenance both at the slab-handling facility and on the main docks, offset by increased expense at the Real Estate division, while allusion damage repairs caused an increase in maintenance expense at the Axis Inland Dock.

General and administrative expenses increased by \$0.1 million, with increased technology expenses to provide employees with remote working environments in response to the coronavirus pandemic, an increase in software consulting and licensing expenses, and the overlap of the incoming and retiring chief executives, all of which were nearly offset by a large decrease in OPEB expense, constrained personnel expenses from normal attrition, and lower expenses due to travel prohibition after the onset of the coronavirus pandemic.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Operating expenses</b>			
Operation and maintenance of facilities	\$ 70,212,798	\$ 79,276,076	\$ 84,985,433
Depreciation and amortization	36,462,796	32,931,355	31,674,429
General and administrative	15,001,932	17,284,309	17,185,185
Impairment loss on capital assets	-	1,418,907	-
Total operating expenses	<u>\$ 121,677,526</u>	<u>\$ 130,910,647</u>	<u>\$ 133,845,047</u>

**ALABAMA STATE PORT AUTHORITY  
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	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Nonoperating income (expenses)</b>			
Investment income	\$ 52,402	\$ 543,848	\$ 1,951,691
Change in fair value of interest rate swap	171,445	590,117	541,000
Interest expense	(13,957,137)	(14,504,951)	(15,001,065)
Interest rate swap expense	(423,113)	(738,460)	(864,081)
Non-capital port development contributions	16,500,000	6,600,000	-
Non-capital port development expense	(16,500,000)	(6,600,000)	-
Gain (loss) on disposal of capital assets	693,370	6,530,936	(3,839,182)
Insurance recoveries	1,393,625	-	-
Other, net	(1,558,595)	(582,210)	1,057,296
Net nonoperating expenses	<u>\$ (13,628,003)</u>	<u>\$ (8,160,720)</u>	<u>\$ (16,154,341)</u>

Net nonoperating expenses increased to \$13.6 million in fiscal 2021 compared to \$8.2 million in fiscal 2020. Investment income decreased \$0.5 million in fiscal 2021 as compared to fiscal 2020 due to the historically low interest rates affecting earnings on debt service funds and investments. Interest expense decreased by \$0.5 million due to the lower balance of debt and continued downward-trending LIBOR rates to which the soon to mature Docks Facilities Revenue Refunding Bond Series 2008A is indexed. Also affecting interest expense was refunding the Short-Term Facilities Refunding Bond Series 2018 (Series 2018 Bonds) in late fiscal 2020, reducing the interest rate of 2.38% to 1.91% with Docks Facilities Revenue Bond Series 2020. Non-capital port development contributions and expense represent payments made on behalf of the Authority by the State to the USACE for the Non-Federal Share of the seaport modernization program. The funding for the Non-Federal Share of the construction costs of the Project, as well as related dredging of berths for the McDuffie Coal Terminal and the Mobile Container Terminal to match the channel depth, is provided by the State out of proceeds of bonds issued by the State Highway Finance Corporation and secured by revenues from certain taxes levied by the State. Gain on disposal of assets of \$0.7 million includes a \$0.6 million gain associated with the accretion of a Hurricane Katrina-related contra-asset that will reach finality in fiscal 2023, and a \$0.1 million gain on the sale of miscellaneous items including an option on a piece of property adjacent to some previously sold property for industrial development. The Authority also received \$1.4 million of insurance reimbursements for damages to roofs and security cameras from Hurricane Sally. During fiscal 2021, the Authority incurred an expense of \$1.8 million related to the seaport modernization project that is reflected in Other, net. This expense was partially offset by the sale of a railroad maintenance tax credit to a short-line railroad and sales of scrap materials (\$0.2 million).

Net nonoperating expense decreased to \$8.2 million in fiscal 2020 compared to \$16.2 million in fiscal 2019. Investment income decreased \$1.4 million in fiscal 2020 as compared to fiscal 2019 due to the diminution of the construction fund for the Short-Term Docks Facilities Revenue Bond Series 2018 (Series 2018 Bonds) in fiscal year 2020, along with the historically low interest rates affecting earnings on debt service funds and investments.

**ALABAMA STATE PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2021 AND 2020**

Interest expense decreased by \$0.5 million due to lower LIBOR rates to which the Docks Facilities Revenue Refunding Bond Series 2008A are indexed, along with refunding the Short-Term Facilities Refunding Bond Series 2018 (Series 2018 Bonds), with an interest rate of 2.38%, with Docks Facilities Revenue Bond Series 2020, with an interest rate of 1.91% during the year. Gain on disposal of assets of \$6.5 million includes a \$4.4 million gain on the sale of the Tuscaloosa Inland Dock, and a \$0.7 million gain on the sale of a 4-acre parcel at the logistics development at Choctaw Point. The Authority also received \$2.1 million of insurance reimbursements for stacker reclaimer #4, which was damaged in fiscal year 2019.

These gains were partially offset by a \$0.8 million loss related to asset disposals during the year and expenses incurred of \$0.4 million to dismantle and remove obsolete Paceco Cranes No. 400 and No. 246. During fiscal year 2020, the Authority incurred expenses of \$1.3 million related to the BURP Facility Repayment agreement between Southern Company's operating subsidiaries in Alabama, Mississippi and Florida.

**Statements of Cash Flows**

The following is a summary of the major sources and uses of cash and cash equivalents for the past three years. Cash equivalents are considered liquid investments generally with an original maturity of three months or less:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash flows provided by operating activities	\$ 59,019,411	\$ 28,694,892	\$ 48,995,303
Cash flows used in noncapital financing activities	(1,800,000)	-	-
Cash flows (used in) provided by capital and related financing activities	(47,441,975)	(56,468,753)	(70,851,441)
Cash flows (used in) provided by investing activities	(1,980,313)	16,491,422	30,344,732
Net increase (decrease) in cash and cash equivalents	7,797,123	(11,282,439)	8,488,594
Cash and cash equivalents			
Beginning of year	<u>57,784,218</u>	<u>69,066,657</u>	<u>60,578,063</u>
End of year	<u>\$ 65,581,341</u>	<u>\$ 57,784,218</u>	<u>\$ 69,066,657</u>

During fiscal 2021, the Authority expended approximately \$43.2 million on capital projects and assets. The Authority completed a number of capital projects during fiscal 2021, including the automobile roll-on/roll-off facility, refitting a barge unloader at the McDuffie Coal Terminal, and additional expansion of the dredge-material containment sites. The Terminal Railway purchased equipment, including a number of rail switches, required by maintenance-of-way personnel to continue to keep the rails in good operating order, and had another locomotive repowered with diesel emission-reducing technology.

**ALABAMA STATE PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2021 AND 2020**

The McDuffie Coal Terminal replaced conveyor belting, rebuilt major components on mobile equipment, upgraded the hatch detection system, and made other improvements at material transfer points. Major repairs to warehouse doors and roofs, and security system equipment, necessitated after Hurricane Sally were also completed, with the remainder to be completed in fiscal 2022. Assets purchased included computer equipment, vehicles and maintenance-related mobile equipment, maintenance machinery, HVAC units, and shop tools.

Progress made on projects during the year included the commencement of the initial phase of work for improvements to the Mobile Harbor shipping channel, replacement of the tandem rotary car dump, as well as another locomotive repowering project utilizing eco-friendly technology. The Authority made substantial progress toward the replacement of the original HVAC system at the Authority's headquarters.

During fiscal 2020, the Authority expended approximately \$49.2 million on capital projects and assets. The Authority completed a number of capital projects during fiscal 2020, including the dock extension and yard expansion at the container handling facility, warehouse upgrade for a new central maintenance facility, several redesign and rehabilitation projects for material conveying equipment at the McDuffie Coal Terminal, and additional expansion of the dredge-material containment sites. Additionally, equipment required by Terminal Railway maintenance-of-way personnel to continue to keep the rails in good operating order was purchased, conveyor belting was replaced at the coal terminal, major components on mobile equipment rebuilt, and a locomotive was repowered with diesel emission-reducing technology. Assets purchased included computer equipment, vehicles, maintenance equipment, and shop tools.

The Authority has constructed significant projects in the past three years with completed projects totaling approximately \$124.6 million. The Authority currently has several active projects with estimated costs to complete of approximately \$20.0 million.

For detailed information on capital asset activity, see Note 4 to the financial statements.

**Long-Term Debt Activities**

During fiscal 2020, the Authority issued the \$46,986,000 Docks Facilities Revenue Bond Series 2020 (Series 2020), at a fixed rate of 1.91% per annum, with interest payable on the first day of each month, commencing October 1, 2020. Annual principal payments are due beginning October 1, 2021, through maturity on October 1, 2040. The Authority used proceeds from Series 2020 to refund part of the Short-Term Docks Facilities Revenue Bond Series 2018 (Series 2018) and used \$3,014,000 of investment funds remaining from Series 2018 proceeds to refund the remaining amount due on the Series 2018.

During fiscal 2018, the Authority issued the \$50,000,000 Series 2018, at the fixed rate of 2.38% per annum, with interest payable on the first day of each month, commencing May 1, 2018. The principal would have matured on April 1, 2021, had the Authority not refunded Series 2018 with Series 2020. The Authority used these funds to expand the container handling capacity of its operations at the Choctaw Point Container Terminal, including an approximately 400' by 200' dock extension, and paving, drainage, and lighting for an addition of approximately 20 acres to the container storage area.

**ALABAMA STATE PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2021 AND 2020**

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Docks Facilities Revenue Refunding Bonds, Series 2017A (AMT) were issued to provide for the payment of the outstanding Docks Facilities Revenue Bonds Series 2006A and Series 2006D, to fund the pro rata portion of the cost of the surety bond, to pay a pro rata portion of the premium for the municipal bond insurance policy, and to pay the issuance costs for the 2017 Series A Bonds. The Series 2006A bonds were issued in November of 2006 to advance refund the outstanding principal amount of the Authority's Docks Facilities Revenue Bonds, Series 1998 and Docks Facilities Revenue Bonds, Series 2001. The Series 1998 bonds were issued to refund the Authority's Docks Facilities Revenue Bonds, Series 1997 that had been issued in order to fund improvements to the wharves and warehouses on the main docks, to make improvements at Garrows Bend, and to install a dust suppression system at McDuffie Coal Terminal. The Series 2001 bonds were issued primarily to fund replacement of the North A Warehouse on the main docks, including installation of new rail tracks and facilities to allow for all-weather cargo operations. Additionally, a portion of the proceeds were used to finance improvements at the McDuffie Coal Terminal, to finance a rail/ferry intermodal terminal, along with other improvements at the Authority's main terminal. The Series 2006D bonds were issued in December of 2006 to advance refund a capital lease/purchase agreement that financed a significant portion of the berth expansion at the McDuffie Coal Terminal.

Docks Facilities Revenue Refunding Bonds, Series 2017B (Non-AMT) were issued to provide for the payment of a portion of the outstanding Docks Facilities Revenue Bonds Series 2006B, described above, to fund the pro rata portion of the cost of the surety bond, and to pay the issuance costs for the Series 2017B Bonds. The Series 2006B bonds were issued in November of 2006 to refund the outstanding principal amount of the Authority's Docks Facilities Revenue Refunding Bonds, Series 1998, described above, and to finance a portion of the costs of an access bridge to the container terminal.

Docks Facilities Revenue Refunding Bonds, Series 2017C (Non-AMT) were issued to provide for the payment of a portion of the outstanding Docks Facilities Revenue Bonds Series 2006B, described above, to fund the pro rata portion of the cost of the surety bond, to pay a pro rata portion of the premium for the municipal bond insurance policy, and to pay the issuance costs for the Series 2017C Bonds.

Docks Facilities Revenue Refunding Bonds, Series 2017D (Taxable) were issued to provide for the payment of the outstanding Docks Facilities Revenue Bonds Series 2010 and a portion of the outstanding Docks Facilities Revenue Bonds Series 2006B, to fund the pro rata portion of the cost of the surety bond, to pay a pro rata portion of the premium for the municipal bond insurance policy, and to pay the issuance costs for the Series 2017D Bonds. The Authority issued the Series 2010 Bonds during December 2010 to refinance short-term debt incurred to ensure the timely completion of the Pinto Island Steel Terminal.

During fiscal 2017, the Authority issued the Docks Facilities Revenue Refunding Bonds Series 2017 for the purpose of refunding the outstanding Docks Facilities Revenue Bonds Series 2006A, Series 2006B, Series 2006D, and Series 2010. Additionally, the new bonds funded the cost of a surety bond in lieu of the required deposit to the debt service reserve fund, paid the premium for a policy of municipal bond insurance with respect to the insured Series 2017 Bonds, and provided for the issuance costs for the Series 2017 Bonds.

**ALABAMA STATE PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2021 AND 2020**

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During fiscal 2008, the Authority issued Docks Facilities Revenue Refunding Bond Series 2008A to refund the Docks Facilities Revenue Bonds Series 2006C. The Series 2006C bonds were issued in November of 2006 to currently refund the outstanding principal amount of the Authority's Docks Facilities Revenue Refunding Bonds Series 1996. The Series 1996 bonds were issued to construct Berth E for the General Cargo/Intermodal division, as well as for modifications at the McDuffie Coal Terminal.

With respect to the Docks Facilities Revenue Refunding Bond Series 2008A, approximately \$8.0 million of principal is due in fiscal 2022. For the Docks Facilities Revenue Refunding Bonds Series 2017, approximately \$5.0 million and \$11.8 million of principal related to this series is scheduled to be due in fiscal 2022 and 2023, respectively. Principal payments of approximately \$2.0 million are scheduled to be due in both fiscal 2022 and 2023 for Docks Facilities Revenue Bond Series 2020. Of these scheduled payments, the Authority expects to pay these amounts from operations, with the debt service reserve funds and surety bonds providing additional security. While not pledged to secure payment of the bonds, the Authority has first call on certain severance tax revenues of the State related to coal, oil, and gas.

For further discussion of the Authority's long-term debt, see Note 6 to the financial statements.

**Cautionary Note Regarding Forward-Looking Statements**

Certain information provided by the Authority, including written or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than the statements of historical fact, which address future activities, events, or developments that the Authority expects or anticipates will or may occur, contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and is derived using various assumptions. The Authority does not update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions, or changes in other factors.

**Requests for Information**

This financial report is designed and intended to provide a general overview of the Authority's financial position and results of operations. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to the Chief Financial Officer, Alabama State Port Authority, P.O. Box 1588, Mobile, Alabama 36633.

**ALABAMA STATE PORT AUTHORITY  
STATEMENTS OF NET POSITION  
SEPTEMBER 30, 2021 AND 2020**

ASSETS	2021	2020
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 65,581,341	\$ 57,784,218
Short-term investments, restricted	21,184,441	19,651,187
Trade accounts receivable, net of allowance for doubtful accounts of \$823,912 and \$603,909 as of September 30, 2021 and 2020, respectively	13,432,582	15,735,356
Capital grants receivable	6,127,437	9,090,916
Inventories	3,597,724	3,777,469
Prepaid expenses and other assets	13,463,844	17,027,970
Total current assets	<u>123,387,369</u>	<u>123,067,116</u>
<b>NONCURRENT ASSETS</b>		
Investments, restricted	10,695,983	10,196,521
Capital assets, net	632,766,175	621,425,390
Net pension asset	1,279,874	190,882
Other assets, net	7,009,539	3,850,381
Total noncurrent assets	<u>651,751,571</u>	<u>635,663,174</u>
<b>TOTAL ASSETS</b>	<u>\$ 775,138,940</u>	<u>\$ 758,730,290</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	\$ 3,319,777	\$ 2,332,022
Other postemployment benefits	9,180,716	12,519,164
Unamortized debt refunding	12,311,010	14,072,554
Total deferred outflows of resources	<u>\$ 24,811,503</u>	<u>\$ 28,923,740</u>

**ALABAMA STATE PORT AUTHORITY  
STATEMENTS OF NET POSITION  
SEPTEMBER 30, 2021 AND 2020**

LIABILITIES AND NET POSITION	2021	2020
<b>CURRENT LIABILITIES</b>		
Accounts and contracts payable	\$ 12,704,060	\$ 9,654,905
Accrued liabilities:		
Salaries and wages	2,962,826	2,492,510
Vacation and sick leave	2,786,434	3,273,634
Environmental liability	167,693	164,160
Current maturities of long-term debt	14,936,771	13,060,000
Accrued interest payable	6,247,670	6,591,187
Derivative liability	251,940	-
Other	1,279,024	1,926,776
Total current liabilities	<u>41,336,418</u>	<u>37,163,172</u>
<b>NONCURRENT LIABILITIES</b>		
Vacation and sick leave	1,857,622	2,182,423
Unearned revenues	227,128	592,927
Environmental liability	4,457,503	4,649,465
Derivative liability	-	423,385
Unpaid claims	1,602,873	1,849,891
Net pension liability	21,451,914	20,099,684
Net other postemployment benefits liability	13,623,335	29,406,243
Long-term debt, net of premiums (net) and current maturities	308,849,451	324,616,527
Total noncurrent liabilities	<u>352,069,826</u>	<u>383,820,545</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 393,406,244</u>	<u>\$ 420,983,717</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	\$ 637,499	\$ 1,281,803
Other postemployment benefits	33,742,523	27,500,432
Total deferred inflows of resources	<u>\$ 34,380,022</u>	<u>\$ 28,782,235</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 319,944,165	\$ 295,756,279
Restricted expendable:		
Debt service	31,198,328	29,165,784
Capital projects	682,096	681,924
Unrestricted	20,339,588	12,284,091
Total net position	<u>\$ 372,164,177</u>	<u>\$ 337,888,078</u>

**ALABAMA STATE PORT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
McDuffie Coal Terminal	\$ 65,486,584	\$ 62,937,763
General Cargo/Intermodal	38,275,968	35,245,780
Terminal Railway	22,514,468	22,269,758
Real Estate	15,543,240	10,655,648
Marine Liquid Bulk Terminal	3,761,245	3,368,812
Other	6,074,366	5,344,408
Total operating revenues	<u>151,655,871</u>	<u>139,822,169</u>
<b>OPERATING EXPENSES AND LOSSES</b>		
Operation and maintenance of facilities	70,212,798	79,276,076
Depreciation and amortization	36,462,796	32,931,355
General and administrative	15,001,932	17,284,309
Impairment loss on capital assets	-	1,418,907
Total operating expenses and losses	<u>121,677,526</u>	<u>130,910,647</u>
<b>OPERATING INCOME</b>	<u>29,978,345</u>	<u>8,911,522</u>
<b>NONOPERATING INCOME (EXPENSES)</b>		
Investment income	52,402	543,848
Change in fair value of interest rate swap	171,445	590,117
Interest expense	(13,957,137)	(14,504,951)
Interest rate swap expense	(423,113)	(738,460)
Non-capital port development contributions	16,500,000	6,600,000
Non-capital port development expense	(16,500,000)	(6,600,000)
Gain on disposal of capital assets	693,370	6,530,936
Insurance recoveries	1,393,625	-
Other, net	(1,558,595)	(582,210)
Total nonoperating expenses	<u>(13,628,003)</u>	<u>(8,160,720)</u>
Income before capital grants and contributions	<u>16,350,342</u>	<u>750,802</u>
Capital grants and contributions	<u>17,925,757</u>	<u>23,902,436</u>
Increase in net position	<u>34,276,099</u>	<u>24,653,238</u>
<b>NET POSITION</b>		
Beginning of year	<u>337,888,078</u>	<u>313,234,840</u>
End of year	<u>\$ 372,164,177</u>	<u>\$ 337,888,078</u>

**ALABAMA STATE PORT AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 153,592,846	\$ 137,445,099
Cash payments to suppliers for goods and services	(51,383,665)	(67,815,381)
Cash payments to employees for services	(43,189,770)	(40,934,826)
Net cash provided by operating activities	<u>59,019,411</u>	<u>28,694,892</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Other nonoperating expenses	(1,800,000)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(43,235,875)	(49,173,958)
Proceeds from the sale of capital assets	-	5,122,160
Principal paid on bonds	(13,060,000)	(15,522,000)
Interest paid on bonds and swap	(13,670,366)	(14,676,767)
Proceeds from capital grants	20,889,236	14,811,520
Other proceeds	241,405	429,191
Insurance proceeds	1,393,625	2,541,101
Net cash used in capital and related financing activities	<u>(47,441,975)</u>	<u>(56,468,753)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(2,034,022)	(840,148)
Sale of investments	-	18,033,918
Interest received on investments	53,709	609,635
Other payments	-	(1,311,983)
Net cash (used in) provided by investing activities	<u>(1,980,313)</u>	<u>16,491,422</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>7,797,123</u>	<u>(11,282,439)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>57,784,218</u>	<u>69,066,657</u>
End of year	<u>\$ 65,581,341</u>	<u>\$ 57,784,218</u>

**ALABAMA STATE PORT AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 29,978,345	\$ 8,911,522
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	36,462,796	32,931,355
Bad debt expense (recoveries)	220,001	(1,911)
Impairment loss on capital assets	-	1,418,907
Changes in assets and liabilities:		
Trade accounts receivable	2,082,773	(1,482,009)
Inventories	179,745	(1,116)
Prepaid expenses and other assets	3,564,126	(4,233,296)
Other assets, net	(9,282,272)	(2,512,519)
Net pension asset and deferred outflows	(2,157,583)	(468,850)
Net pension liability and deferred inflows	788,762	(1,303,640)
Other postemployment benefits liability and deferred inflows and outflows	(6,202,369)	(1,999,697)
Accounts and contracts payable	5,175,770	(2,333,336)
Accrued liabilities, unearned revenues, and other liabilities	(1,790,683)	(230,518)
Net cash provided by operating activities	<u>\$ 59,019,411</u>	<u>\$ 28,694,892</u>

**Noncash Items**

Construction in progress additions of \$3,342,418 and \$5,469,033 were included in accounts and contracts payable as of September 30, 2021 and 2020, respectively.

In fiscal 2020, \$50,000,000 of Bond Series 2018 was refunded through the issuance of Bond Series 2020 for \$46,986,000 and the use of investments of \$3,014,000.

The derivative liability decreased in fiscal 2021 and fiscal 2020 by \$171,445 and \$590,117, respectively, due to the change in fair value.

**ALABAMA STATE PORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Alabama State Port Authority (Authority) is an agency of the State of Alabama (State) created to engage in promoting, developing, constructing, maintaining, and operating harbors, seaports, and riverports within the State.

The Authority operates a coal handling and storage facility, general cargo/intermodal facilities which include the Pinto Island Steel Terminal, a switching railway, and a liquid bulk terminal, primarily in Mobile, Alabama. The primary commodities handled and stored are wood, paper products, liquid chemicals, steel and other metals, and coal. The Authority also owns land and facilities that it leases to others.

The Governor of the State appoints eight members of the Board of Directors of the Authority (Board), subject to confirmation by the Alabama Senate. The Governor designates one of the confirmed members of the Board as the Board's Chairperson. In addition, one ex-officio member serves as the ninth member of the Board. The ex-officio member annually rotates between the Mayor of the City of Mobile and the President of the Mobile County Commission. The Board appoints the Director of the Authority. The Director is the chief executive officer responsible for managing the affairs of the Authority. The Alabama State Legislature has the authority to create and enact laws and statutes that govern the affairs of the Authority.

The Authority is not a legally separate entity from the State and, for financial reporting purposes, is considered to be part of the State. Additionally, the Authority is largely independent of the control of the State Comptroller, State Auditor, and State Treasurer, but lacks the corporate powers to make them legally separate and is, therefore, part of the primary government. The Authority is considered an agency of the primary government of the State and is presented as a business-type activity in the basic financial statements of the State. The financial statements of the Authority include all operations and activities of the Authority.

**Basis of Accounting**

The financial statements of the 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. For financial reporting purposes, the Authority is considered a special-purpose government engaged only in business-type activities as defined by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the financial statements of the Authority have been prepared in accordance with GAAP using the economic measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**Net Position**

The Authority presents net position in the following three categories according to external restrictions or availability of assets for satisfaction of Authority obligations:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and reduced by outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets, and retainage payable on construction contracts. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets, or the related debt are included in this component of net position.
- **Restricted:** The Authority classifies net position resulting from transactions with purpose restrictions as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact.
  - **Nonexpendable** – Net position subject to externally imposed stipulations that they be maintained permanently by the Authority. There is no such net position as of September 30, 2021 or 2020.
  - **Expendable** – Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted:** Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position may be designated for specific purposes by action of management or the Board.

**Fair Value Application and Measurement**

Fair value is applied to assets and liabilities that the Authority holds primarily for the purpose of income or profit and that have a present service capacity based solely on their ability to generate cash or to be sold to generate cash. The Authority categorizes its fair value measurements within the value hierarchy established by GAAP. The hierarchy is based upon valuation inputs used to measure the fair value of the respective asset or liability. Level 1 inputs include quoted prices in active markets for identical assets; Level 2 inputs include observable inputs other than quoted prices included in Level 1 inputs; Level 3 inputs include unobservable inputs.

**Cash and Cash Equivalents**

The Authority considers all liquid debt instruments (including restricted assets), with a maturity of three months or less when purchased, to be cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**Investments**

Investments are recorded at their fair value except for investments in debt securities with maturities of less than one year at the date of purchase, which are recorded at cost. Investment income, including unrealized and realized gains and losses on investments, is presented as nonoperating income (expenses) in the accompanying statements of revenues, expenses, and changes in net position. The Authority has a policy in place that outlines permitted investments that meet the requirements of the Authority. The primary objective of the investment program is to maximize the return on investments while minimizing potential risks associated with the investment. The investment terms are intended to be established in conjunction with funding requirements based upon cash flow projections.

**Accounts Receivable**

Accounts receivable arise in the ordinary course of business. The Authority recognizes an allowance for doubtful accounts based on historical experience, coupled with a review of the current status of existing receivables. This allowance is deducted from the accounts receivable balance to properly reflect the net realizable value. The Authority writes off accounts receivable when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Bad debt expense (recoveries) were \$220,001 and (\$1,911) for the years ended September 30, 2021 and 2020, respectively, and are included in operating revenues.

**Inventories**

Inventories consist of maintenance materials and operating supplies and are stated at the lower of cost or market, determined on an average cost method.

**Revenues and Expenses**

Operating activities, as reported on the statements of revenues, expenses, and changes in net position, are defined as activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the Authority's revenues and expenses are from exchange transactions. Total operating revenues are reported net of discounts and allowances, including those related to uncollectible accounts. Grants for capital activities are not considered operating or nonoperating activities but are presented after nonoperating activities on the accompanying statements of revenues, expenses, and changes in net position.

In fiscal 2021 and 2020, the Authority, designated as an Energy Port under the Water Resources Reform and Development Act of 2014, received funds totaling \$4,950,000 in each year from the U.S. Army Corps of Engineers (USACE) for use in dredging and other approved activities. Amounts earned during the year are included in operating revenues on the statements of revenues, expenses, and changes in net position, and are not considered as federal expenditures for purposes of the Uniform Guidance. These resources are received from the Harbor Maintenance Tax Fund, which is funded through charges applied to the value of cargo being loaded or unloaded from a vessel, exclusive of export cargo, and is assessed on imported cargo, domestic cargo, and the transport of passengers moving through U.S. ports. The owner of the cargo is responsible for paying the tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**Capital Assets**

Capital assets constructed or acquired by purchase, and general infrastructure assets are stated at historical cost. The cost of additions includes direct labor and materials, and allocable general and administrative expenses. Certain assets have been financed under lease contracts and the amortization of such assets is charged to operations. Donated capital assets are stated at their acquisition value on the date donated. The Authority's capitalization threshold is a minimum of \$500 and one-year life.

Ordinary maintenance, repairs, and minor renewals and betterments are expensed as incurred. Major renewals and betterments are treated as capital additions. Upon retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any gain or loss is included in nonoperating income (expenses) in the accompanying statements of revenues, expenses, and changes in net position.

Depreciation is computed using the straight-line method over the estimated useful lives of assets, ranging from 5–40 years for wharves, piers, and containerized yards; 25–40 years for railroad tracks and crossings; 5–40 years for buildings and structures, and improvements other than buildings; 4–40 years for machinery and equipment; and 5–20 years for furniture and fixtures. Depreciation expense related to equipment originally acquired under capital leases is computed on a straight-line basis over the shorter of the useful life of the equipment or the lease term, as appropriate.

Costs incurred to acquire the perpetual right to use certain railroad tracks not owned by the Authority are amortized on a straight-line basis over a forty-year period.

**Impairment of Long-Lived Assets**

The recoverability of assets is reviewed when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the future cash flows of the related asset. If the cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value. No such losses were incurred for the year ended September 30, 2021. Such losses were \$1,418,907 for the year ended September 30, 2020.

**Costs of Engineering Services and Dredging**

Costs of engineering services incurred for the purpose of determining the feasibility of contemplated projects are recorded within construction work in progress. If a project is constructed, the costs are capitalized as part of the cost of the facility. If the plans for a project are abandoned, such costs are expensed in the period of abandonment. Costs associated with periodic dredging of waterways are recorded in construction work in progress, transferred to unamortized dredging costs at the time of completion, and amortized on a straight-line basis over periods of six months to ten years based on historical siltation rates. Such costs are included in other assets, net on the accompanying statements of net position. Dredging costs that are deemed annual maintenance costs with a future benefit period of less than one year are expensed in the period incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**Deferred Outflows of Resources**

Deferred outflows of resources include unamortized debt refunding, which is amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt; and deferred outflows related to pension and other postemployment benefits (OPEB), which are amortized as a component of pension and OPEB expense in future years. Deferred outflows related to pension and OPEB represent:

- Differences between expected and actual experience
- Changes in the proportionate share of the multiple-employer plans
- Differences between projected and actual earnings on pension and OPEB investments
- Changes in assumptions
- Amounts resulting from timing differences of contributions made subsequent to the measurement dates, but as of the date of the basic financial statements

**Deferred Inflows of Resources**

Deferred inflows related to pension and OPEB represent differences between expected and actual experience, changes in the proportionate share of the multiple-employer plans, differences between projected and actual earnings on pension and OPEB investments, and changes in assumptions.

**Discounts/Premiums on Long-Term Debt**

Discounts/premiums on long-term debt are amortized as a component of interest expense over the term of the related debt obligations using the straight-line method, which approximates the effective interest method.

**Vacation and Sick Leave**

Employees earn vacation at rates of 5 to 31 days per year and may accumulate up to a maximum of 60 days, depending on their length of employment and employment classification. Upon termination, employees are paid for any unused accumulated vacation. Employees earn sick leave at a rate of up to 13 days per year, depending on employee classification. Employees accumulate up to a maximum of 150 days of accumulated sick leave depending upon the employment classification. One-half of unused accumulated sick leave is paid to certain employees upon retirement. The vacation and sick leave liability, with terminal cash benefits payable, is accrued at its accumulated value. The liability for compensated absences decreased in fiscal 2021 by approximately \$812,000 and increased in fiscal 2020 by approximately \$691,000.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued sick leave	\$ 892,133	\$ 142,963	\$ 195,760	\$ 839,336	\$ 503,601
Accrued vacation leave	4,563,924	246,588	1,005,792	3,804,720	2,282,833
	<u>\$5,456,057</u>	<u>\$ 389,551</u>	<u>\$1,201,552</u>	<u>\$4,644,056</u>	<u>\$2,786,434</u>

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### Unearned Revenues

Unearned revenues represent payments received in advance for leasing and other services or non-exchange contributions, with revenues recognized as earned over the term of the related agreement.

### Risk Management

The Authority is exposed to various risks of loss relating to tort litigation; theft of, damage to, and destruction of property; errors and omissions; and natural disasters. The Authority carries either commercial insurance, or coverage provided through The State Insurance Fund of Alabama (a self-insurance fund coupled with excess commercial coverage). The State Insurance Fund of Alabama has a coverage deductible of \$5,000. The commercial inland marine coverage for equipment has a deductible ranging from \$100,000 to \$1,750,000 for any one occurrence and depends upon the classification of the asset and the type of risk coverage applicable.

The Authority is also exposed to the risk of loss resulting from general, professional, fiduciary, law enforcement, and cyber liability for which it carries commercial insurance having deductibles ranging from \$0 to \$250,000. The Authority is self-insured to the extent of the amounts deductible from loss coverage amounts. The Authority also provides for losses in excess of its primary coverages for general liability, general employer liability, maritime employer liability, and auto liability by carrying excess/umbrella liability insurance coverage up to \$100 million.

The Authority is partially self-insured with respect to workers' compensation claims. Each claim for a loss in excess of the established self-insured retention of \$750,000 or \$1,000,000, depending on the classification code of the affected employee, is covered up to the \$25 million policy limit. An accrual for uninsured claims due within one year is included in other accrued liabilities, and the long-term portion is shown as unpaid claims in the accompanying statements of net position. Claims that have been incurred but have not been reported, as well as a case development factor for known claims, have been accrued as unpaid claims. During fiscal 2021, fiscal 2020, and fiscal 2019, the Authority had no settlements that exceeded insurance coverage limits.

The Authority enters into contractual obligations in the ordinary course of business, including management agreements, purchase agreements, and leases for premises and equipment. Management does not anticipate that the ultimate liability arising, if any, related to these obligations will have a material adverse effect on the Authority's financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### Concentration of Credit Risk

The Authority provides services and facilities usage for companies located throughout the world. The Authority periodically performs credit evaluations of its customers, and generally operates under international laws, which may provide for a maritime lien on vessels in the event of default on credit terms, along with domestic laws which allow warehousemen's liens on cargo in these situations. The Authority maintains reserves for potential credit losses.

Revenues from the Authority's top ten customers for the years ended September 30, 2021 and 2020, were approximately 66% and 64% of total operating revenues, respectively.

### Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and the disclosure of contingencies at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates susceptible to significant changes include those used in determining the allowance for doubtful accounts, reserves for workers' compensation claims and litigation claims, pension and OPEB obligations, and the liability for environmental remediation. Although some variability is inherent in these estimates, management believes that the amounts provided are adequate and reasonable.

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Authority maintains sweep accounts with financial institutions in which the account balances are held in short-term investments/repurchase agreements on a nightly basis and returned to the accounts the following business day. Repurchase agreements of approximately \$895,000 and \$995,000 are included in cash and cash equivalents as of September 30, 2021 and 2020, respectively.

The Board approves, by resolution, all banks or other financial institutions utilized as depositories for Authority funds. Prior to approval, each proposed depository must provide evidence of its designation by the Alabama State Treasurer as a qualified public depository (QPD) under the Security of Alabama Funds Enhancement Act (SAFE). From time to time, the Board may request that the depository provide evidence of its continuing designation as a QPD. Under the mandatory SAFE program, each QPD is required to hold collateral for all of its public depositories on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss. Given the nature of the State requirement, deposits held in QPD institutions are not subject to categorization by use.

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS – CONTINUED

As of September 30, 2021 and 2020, \$64,686,578 and \$56,788,409, respectively, of cash and cash equivalents represents deposits qualified under the SAFE program. All remaining cash and cash equivalents are amounts that are insured or registered, or securities held by the Authority or its agent in the Authority's name.

Deposits can be exposed to various risk factors including custodial credit risk and foreign currency risk. Deposits can be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: a) uncollateralized, b) collateralized with securities held by the pledging financial institution or c) collateralized with securities held by the pledging financial institution's trust department but not in the depositor-government's name. Given that a majority of the Authority's cash deposits qualify under the SAFE program, the Authority's exposure to custodial credit risk is minimal. Since the Authority does not have any deposits impacted by foreign currencies, there is no associated foreign currency risk.

### Investments

The Authority's investment policy permits investments in:

- U.S. government and agency securities
- Certificates of deposit
- Money market accounts
- Mutual funds
- Repurchase agreements

The value of the Authority's investments can be exposed to credit risk, interest rate risk, foreign currency risk, and custodial credit risk. The Authority has taken the following steps to mitigate these risks:

- Custodial risk is mitigated as investments are insured and held by the Authority or the Authority's agent in the Authority's name.
- Concentration risk is mitigated as the Authority's investments are in money market funds.
- Interest rate risk is mitigated since the Authority has no fixed income securities other than repurchase agreements collateralized in the Authority's name.
- Foreign currency risk is nonexistent as no investments are held in foreign currencies.

As of September 30, 2021 and 2020, investments of \$31,880,424 and \$29,847,708, respectively, were held in money market funds with no maturity dates. As the investments are held in money market funds, there are no unrealized gains or losses associated with these investments.

Investments are restricted as to use for debt service obligations and for use in capital projects. Investments restricted for debt service were \$31,198,328 and \$29,165,784 as of September 30, 2021 and 2020, respectively. Investments restricted for capital projects were \$682,096 and \$681,924 as of September 30, 2021 and 2020, respectively.

## 3. FAIR VALUE MEASUREMENTS

The Authority follows the guidance in GASB Statement No. 72, *Fair Value Measurement and Application*, as it relates to fair value measurements and disclosures. This guidance provides a framework for measuring fair value and a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2: Inputs to the valuation methodology include directly or indirectly observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, loss severities, credit risks, and default rates); or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable, supported by little or no market activity, and are significant to the fair value of the assets or liabilities.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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3. FAIR VALUE MEASUREMENTS – CONTINUED

Items Measured at Fair Value on a Recurring Basis

As of September 30, 2021 and 2020, the Authority had the following assets and liabilities measured at fair value on a recurring basis:

	As of September 30, 2021		
	Fair Value	Level 1	Level 2
Assets:			
Investments	\$ 31,880,424	\$ 31,880,424	\$ -
Liabilities:			
Derivative liability	\$ 251,940	\$ -	\$ 251,940

	As of September 30, 2020		
	Fair Value	Level 1	Level 2
Assets:			
Investments	\$ 29,847,708	\$ 29,847,708	\$ -
Liabilities:			
Derivative liability	\$ 423,385	\$ -	\$ 423,385

Items Measured at Fair Value on a Nonrecurring Basis

Certain assets are measured at fair value on a nonrecurring basis. These adjustments to fair value usually result from write-downs of individual assets due to impairment. There were no assets measured at fair value on a nonrecurring basis as of September 30, 2021. The Authority had the following assets measured at fair value on a nonrecurring basis as of September 30, 2020:

	As of September 30, 2020			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Capital assets, net	\$621,425,390	\$ -	\$ -	\$621,425,390

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4. CAPITAL ASSETS

The following table is a summary of the activity of various components of capital assets for the year ended September 30, 2021:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land in use	\$ 35,098,032	\$ -	\$ -	\$ 35,098,032
Land for future development	41,675,314	-	-	41,675,314
Intangible asset, easement	10,000	-	-	10,000
Construction work in progress *	39,807,992	63,117,033	(78,546,434)	24,378,591
<b>Total capital assets not being depreciated</b>	<b>116,591,338</b>	<b>63,117,033</b>	<b>(78,546,434)</b>	<b>101,161,937</b>
<b>Capital assets being depreciated:</b>				
Wharves, piers, and containerized yards	284,414,661	6,634,345	-	291,049,006
Railroad tracks and crossings	61,677,957	2,590,395	-	64,268,352
Railroad track usage rights	3,266,015	-	-	3,266,015
Buildings and structures	116,018,384	33,791	184,483	116,236,658
Improvements other than buildings	252,364,550	39,455,297	-	291,819,847
Machinery and equipment	365,864,808	7,265,810	192,813	373,323,431
Furniture and fixtures	28,912,754	678,704	(320,585)	29,270,873
<b>Total capital assets being depreciated</b>	<b>1,112,519,129</b>	<b>56,658,342</b>	<b>56,711</b>	<b>1,169,234,182</b>
<b>Less accumulated depreciation:</b>				
Wharves, piers, and containerized yards	129,123,157	7,103,338	-	136,226,495
Railroad tracks and crossings	33,823,694	1,815,860	-	35,639,554
Railroad track usage rights	3,260,195	370	-	3,260,565
Buildings and structures	81,245,351	2,150,823	(5,326)	83,390,848
Improvements other than buildings	118,462,516	7,964,021	-	126,426,537
Machinery and equipment	220,968,410	9,816,251	(162,648)	230,622,013
Furniture and fixtures	20,801,754	1,611,183	(349,005)	22,063,932
<b>Total accumulated depreciation</b>	<b>607,685,077</b>	<b>30,461,846</b>	<b>(516,979)</b>	<b>637,629,944</b>
<b>Total capital assets being depreciated, net</b>	<b>504,834,052</b>	<b>26,196,496</b>	<b>573,690</b>	<b>531,604,238</b>
<b>Capital assets, net</b>	<b>\$ 621,425,390</b>	<b>\$ 89,313,529</b>	<b>\$ (77,972,744)</b>	<b>\$ 632,766,175</b>

\*For fiscal 2021, retirements/transfers of \$78,546,434 from construction work in progress includes \$56,658,342 of assets capitalized and placed in service, with the remaining amounts transferred to unamortized dredging costs or expensed.

**ALABAMA STATE PORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

**4. CAPITAL ASSETS – CONTINUED**

The following table is a summary of the activity of various components of capital assets for the year ended September 30, 2020:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land in use	\$ 35,123,264	\$ -	\$ (25,232)	\$ 35,098,032
Land for future development	41,675,314	-	-	41,675,314
Intangible asset, easement	10,000	-	-	10,000
Construction work in progress *	48,722,044	53,779,093	(62,693,145)	39,807,992
<b>Total capital assets not being depreciated</b>	<b>125,530,622</b>	<b>53,779,093</b>	<b>(62,718,377)</b>	<b>116,591,338</b>
<b>Capital assets being depreciated:</b>				
Wharves, piers, and containerized yards	264,733,952	21,866,474	(2,185,765)	284,414,661
Railroad tracks and crossings	61,022,953	655,004	-	61,677,957
Railroad track usage rights	3,266,015	-	-	3,266,015
Buildings and structures	116,863,701	1,325,075	(2,170,392)	116,018,384
Improvements other than buildings	225,923,528	28,088,688	(1,647,666)	252,364,550
Machinery and equipment	359,387,964	6,761,801	(284,957)	365,864,808
Furniture and fixtures	27,950,458	1,378,946	(416,650)	28,912,754
<b>Total capital assets being depreciated</b>	<b>1,059,148,571</b>	<b>60,075,988</b>	<b>(6,705,430)</b>	<b>1,112,519,129</b>
<b>Less accumulated depreciation:</b>				
Wharves, piers, and containerized yards	123,058,821	6,912,533	(848,197)	129,123,157
Railroad tracks and crossings	32,036,489	1,787,205	-	33,823,694
Railroad track usage rights	3,206,162	54,033	-	3,260,195
Buildings and structures	81,445,461	2,115,861	(2,315,971)	81,245,351
Improvements other than buildings	112,164,530	7,164,138	(866,152)	118,462,516
Machinery and equipment	211,924,114	9,724,895	(680,599)	220,968,410
Furniture and fixtures	19,613,256	1,522,831	(334,333)	20,801,754
<b>Total accumulated depreciation</b>	<b>583,448,833</b>	<b>29,281,496</b>	<b>(5,045,252)</b>	<b>607,685,077</b>
<b>Total capital assets being depreciated, net</b>	<b>475,699,738</b>	<b>30,794,492</b>	<b>(1,660,178)</b>	<b>504,834,052</b>
<b>Capital assets, net</b>	<b>\$ 601,230,360</b>	<b>\$ 84,573,585</b>	<b>\$ (64,378,555)</b>	<b>\$ 621,425,390</b>

\*For fiscal 2020, retirements/transfers of \$62,693,145 from construction work in progress, includes \$60,075,988 of assets that were capitalized and placed in service, with the remaining amounts transferred to unamortized dredging costs or expensed.

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**4. CAPITAL ASSETS – CONTINUED**

Construction work in progress comprises construction and development costs during the construction period and is valued at cost. Depreciation is not recorded until construction is substantially complete and the assets are ready for productive use. Transfers out of construction work in progress that are not capitalized are reclassified to unamortized dredging costs or to expense accounts, allowing for retirements and transfers from this category to be incrementally greater than additions to capital assets.

As of September 30, 2021, construction work in progress includes:

- \$6.9 million for work to replace a rotary railcar dump system at the McDuffie Coal Terminal
- \$6.5 million for capital repairs related to Hurricanes Sally and Zeta
- \$2.7 million for projects jointly undertaken with the USACE at Gaillard Island, within Mobile Harbor, and the surrounding areas
- \$0.9 million related to upgrading existing Terminal Railway equipment
- \$0.4 million related to upgrading existing equipment at the terminals
- \$0.3 million associated with building upgrades
- \$0.2 million related to dredging projects funded by Port Energy Funds
- \$0.2 million related to information technology upgrades

Estimated future commitments for capital expenditures related to construction work in progress for active projects as of September 30, 2021, is approximately \$20.0 million. Funds from cash, operating revenues, grants, and partnerships will satisfy these commitments.

Depreciation expense for the years ended September 30, 2021 and 2020, was approximately \$30,462,000 and \$29,281,000, respectively. An intangible asset, railroad track usage rights, net is also included in capital assets. Amortization expense for the railroad track usage rights that are presented in the previous tables was approximately \$0 and \$54,000 for the years ended September 30, 2021 and 2020, respectively.

**5. OTHER ASSETS, NET**

The following is a summary of other assets, net as of September 30, 2021 and 2020:

	2021	2020
Unamortized dredging costs	\$ 5,019,190	\$ 1,737,785
Prepaid bond insurance	1,990,349	2,112,596
<b>Other assets, net</b>	<b>\$ 7,009,539</b>	<b>\$ 3,850,381</b>

Amortization expense related to dredging costs for the years ended September 30, 2021 and 2020, was approximately \$6,001,000 and \$3,650,000, respectively. Amortization expense related to bond insurance premiums was approximately \$122,000 and \$129,000 for years ended September 30, 2021 and 2020, respectively, and is included in interest expense on the statements of revenues, expenses, and changes in net position.

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**6. LONG-TERM DEBT**

The following table provides a summary of the long-term debt for the year ended September 30, 2021:

	Beginning Balance	Issuances	Payments/ Refundings	Ending Balance	Due Within One Year
<b>Bonds payable from direct borrowings:</b>					
Docks Facilities Revenue Refunding Bond Series 2008A, originally issued for \$61,300,000, variable rate (indexed to LIBOR) due annually through fiscal 2022	\$ 15,700,000	\$ -	\$ 7,660,000	\$ 8,040,000	\$ 8,040,000
Docks Facilities Revenue Bond Series 2020, originally issued for \$46,986,000, 1.91% due annually beginning October 1, 2021 through fiscal 2041	46,986,000	-	-	46,986,000	1,951,771
<b>Bonds payable:</b>					
Docks Facilities Revenue Refunding Bonds Series 2017A, originally issued for \$123,770,000, 5.00% due periodically through fiscal 2036	121,995,000	-	-	121,995,000	-
Docks Facilities Revenue Refunding Bonds Series 2017B, originally issued for \$12,100,000, 5.00%, matured October 2020	4,280,000	-	4,280,000	-	-
Docks Facilities Revenue Refunding Bonds Series 2017C, originally issued for \$6,130,000, 5.00% due October 1, 2036	6,130,000	-	-	6,130,000	-
Docks Facilities Revenue Refunding Bonds Series 2017D, originally issued for \$132,990,000, 1.35% to 4.72% due annually through fiscal 2041	130,095,000	-	1,120,000	128,975,000	4,945,000
	<u>325,186,000</u>	<u>\$ -</u>	<u>\$ 13,060,000</u>	<u>312,126,000</u>	<u>\$ 14,936,771</u>
Plus: Unamortized premium, net	12,490,527			11,660,222	
Less: Current maturities	<u>(13,060,000)</u>			<u>(14,936,771)</u>	
Long-term debt, net	<u>\$ 324,616,527</u>			<u>\$ 308,849,451</u>	

**ALABAMA STATE PORT AUTHORITY  
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**6. LONG-TERM DEBT – CONTINUED**

The following table provides a summary of the long-term debt for the year ended September 30, 2020:

	Beginning Balance	Issuances	Payments/ Refundings	Ending Balance	Due Within One Year
<b>Bonds payable from direct borrowings:</b>					
Docks Facilities Revenue Refunding Bond Series 2008A, originally issued for \$61,300,000, variable rate (indexed to LIBOR) due annually through fiscal 2022	\$ 23,005,000	\$ -	\$ 7,305,000	\$ 15,700,000	\$ 7,660,000
Short-Term Docks Facilities Revenue Bond Series 2018, originally issued for \$50,000,000, 2.38% due April 1, 2021	50,000,000	-	50,000,000	-	-
Docks Facilities Revenue Bond Series 2020, originally issued for \$46,986,000, 1.91% due annually beginning October 1, 2021 through fiscal 2041	-	46,986,000	-	46,986,000	-
<b>Bonds payable:</b>					
Docks Facilities Revenue Refunding Bonds Series 2017A, originally issued for \$123,770,000, 5.00% due periodically through fiscal 2036	121,995,000	-	-	121,995,000	-
Docks Facilities Revenue Refunding Bonds Series 2017B, originally issued for \$12,100,000, 5.00% due annually October 1, 2018 through fiscal 2021	8,305,000	-	4,025,000	4,280,000	4,280,000
Docks Facilities Revenue Refunding Bonds Series 2017C, originally issued for \$6,130,000, 5.00% due October 1, 2036	6,130,000	-	-	6,130,000	-
Docks Facilities Revenue Refunding Bonds Series 2017D, originally issued for \$132,990,000, 1.35% to 4.72% due annually through fiscal 2041	131,190,000	-	1,095,000	130,095,000	1,120,000
	<u>340,625,000</u>	<u>\$ 46,986,000</u>	<u>\$ 62,425,000</u>	<u>325,186,000</u>	<u>\$ 13,060,000</u>
Plus: Unamortized premium, net	13,604,640			12,490,527	
Less: Current maturities	<u>(12,425,000)</u>			<u>(13,060,000)</u>	
Long-term debt, net	<u>\$ 341,804,640</u>			<u>\$ 324,616,527</u>	

**ALABAMA STATE PORT AUTHORITY  
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**6. LONG-TERM DEBT – CONTINUED**

All gross revenues of the Authority collateralize the outstanding balances of the Docks Facilities Revenue Refunding Bonds Series 2008A (Series 2008A), Docks Facilities Revenue Refunding Bonds Series 2017 A-D (Series 2017), and the Docks Facilities Revenue Bond Series 2020 (Series 2020). Gross revenues are generated from services provided, including all special handling and processing charges, tariffs, surcharges, and for the use of docks facilities, and other fees and payments made under any lease. Docks facilities are defined as docks and all types of related facilities, including elevators, compressors, conveyors, warehouses, water and rail terminals, coal handling and storage facilities, steel handling facilities, grain elevator facilities, wharves, piles, quays, loading and unloading facilities, and other related structures, facilities, equipment, property, and property improvements owned or under the management of the Authority.

On August 26, 2020, the Authority issued a \$46,986,000 Docks Facilities Revenue Bond Series 2020 (Series 2020), at a fixed rate of 1.91% per annum, with interest payable on the first day of each month. Annual principal payments are due beginning October 1, 2021 through maturity on October 1, 2040. Proceeds from Series 2020 were used to refund Short-Term Docks Facilities Revenue Bond Series 2018 (Series 2018), which was subject to redemption at the option of the Authority on any interest payment date prior to maturation on April 1, 2021, in whole or in part in amounts not less than \$100,000, at 100% of the principal amount once the bond had been held by the purchaser for at least one year. The Authority used \$3,014,000 of investment funds remaining from Series 2018 proceeds to refund the remaining amount due on the Series 2018 bond. All other proceeds of Series 2018 were used to expand the container handling capacity of its operations at the Choctaw Point Container Terminal, including an approximately 400' by 200' dock extension, and paving, drainage, and lighting for an addition of approximately 20 acres to the container storage area. Annual interest expense for the 2018 bond was \$1,190,000, with principal due at maturity. Series 2020 was issued as a fully amortized, 20-year tenor bond with level annual debt service of \$2,848,585. The economic gain resulting from this debt refunding is approximately \$1.2 million on a present value basis over the 20-year life of the Series 2020 bond versus the original maturation date of the Series 2018 bond.

The Docks Facilities Revenue Refunding Bonds Series 2008A (Series 2008A), Series 2017, and Series 2020 require the Authority to adhere to several general and restrictive financial covenants. The financial covenants in the agreements require the Authority to meet minimum debt service coverage ratios with the most restrictive being a ratio of 100% coverage of revenues and investment income to operating expenses and annual debt service (as defined). The Authority is in compliance with all debt covenants as of September 30, 2021.

Amortization of deferred outflows of resources resulting from debt refunding and unamortized premiums on long-term debt was \$931,239 and \$695,766 for the years ended September 30, 2021 and 2020, respectively, and is included in interest expense in the statements of revenue, expense, and changes in net position.

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**6. LONG-TERM DEBT – CONTINUED**

Series 2008A and Series 2020 are bonds resulting from direct borrowings. Series 2008A bears interest at a variable rate indexed to LIBOR. As of September 30, 2021, the interest rate was 1.06%. Future minimum maturities on bonds payable from direct borrowings as of September 30, 2021, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 9,991,771	\$ 863,218	\$ 10,854,989
2023	1,988,431	825,296	2,813,727
2024	2,026,410	787,367	2,813,777
2025	2,064,575	746,590	2,811,165
2026	2,105,061	707,135	2,812,196
2027-2031	11,141,283	2,906,334	14,047,617
2032-2036	12,246,704	1,781,770	14,028,474
2037-2041	13,461,765	544,939	14,006,704
	<u>\$ 55,026,000</u>	<u>\$ 9,162,649</u>	<u>\$ 64,188,649</u>

Future minimum maturities on bonds payable as of September 30, 2021, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,945,000	\$ 11,855,562	\$ 16,800,562
2023	11,825,000	11,622,581	23,447,581
2024	9,140,000	11,246,188	20,386,188
2025	9,565,000	10,820,329	20,385,329
2026	10,015,000	10,369,699	20,384,699
2027-2031	54,300,000	44,375,028	98,675,028
2032-2036	72,570,000	29,309,650	101,879,650
2037-2041	84,740,000	10,665,130	95,405,130
	<u>\$ 257,100,000</u>	<u>\$ 140,264,167</u>	<u>\$ 397,364,167</u>

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**7. RESTRICTED EXPENDABLE NET POSITION**

Restricted expendable net position, which represents cash and investments held by trustees under various bond and interest rate swap agreements, consists of the following as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<b>Debt service:</b>		
Docks Facilities Renewal and Replacement Fund	\$ 6,692,984	\$ 6,191,333
Docks Facilities Revenue Bonds, Series 2017A Debt Service Fund	3,049,931	3,049,919
Docks Facilities Revenue Bonds, Series 2017B Debt Service Fund	-	4,387,000
Docks Facilities Revenue Bonds, Series 2017C Debt Service Fund	153,253	153,253
Docks Facilities Revenue Bonds, Series 2017D Debt Service Fund	7,701,540	3,889,255
Interest Rate Swap, Debt Service Fund	214,393	419,726
Docks Facilities Revenue Refunding Bond, Series 2008A Debt Service Fund	8,047,086	7,674,629
Docks Facilities Revenue Refunding Bond, Series 2008A Reserve Fund	3,313,607	3,313,607
Docks Facilities Revenue Bond, Series 2020 Debt Service Fund	2,025,534	87,062
<b>Capital Projects:</b>		
Short-Term Docks Facilities Revenue Bond, Series 2018 Construction Fund	682,096	681,924
<b>Total restricted expendable</b>	<u>\$ 31,880,424</u>	<u>\$ 29,847,708</u>

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**8. RETIREMENT PLANS**

The Authority contributes to four retirement plans covering substantially all of its employees:

Alabama State Port Authority Hourly Paid Workers Defined Contribution Plan (Hourly DC Plan), Employees' Retirement System of Alabama (ERS), Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan), and Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan). The plans had the following balances as of and for the years ended September 30:

	<u>2021</u>	<u>ERS</u>	<u>Hourly DB Plan</u>	<u>Railway Plan</u>	<u>Total</u>
Pension assets	\$ 33,795,980	\$ 33,795,980	\$ 21,723,794	\$ 1,373,015	\$ 56,892,789
Pension liabilities	54,841,510	54,841,510	20,443,920	1,779,399	77,064,829
Net pension liability	<u>\$ 21,045,530</u>	<u>\$ -</u>	<u>\$ 406,384</u>	<u>\$ 21,451,914</u>	<u>\$ 21,451,914</u>
Net pension asset	<u>\$ -</u>	<u>\$ (1,279,874)</u>	<u>\$ -</u>	<u>\$ (1,279,874)</u>	<u>\$ (1,279,874)</u>
Deferred outflows	\$ 3,157,735	\$ 3,157,735	\$ 83,231	\$ 78,811	\$ 3,319,777
Deferred inflows	\$ 285,826	\$ 285,826	\$ 242,070	\$ 109,603	\$ 637,499
Pension expense	\$ 1,375,218	\$ 1,375,218	\$ 278,208	\$ 44,635	\$ 1,698,061
	<u>2020</u>	<u>ERS</u>	<u>Hourly DB Plan</u>	<u>Railway Plan</u>	<u>Total</u>
Pension assets	\$ 33,908,785	\$ 33,908,785	\$ 20,806,649	\$ 1,315,049	\$ 56,030,483
Pension liabilities	53,500,106	53,500,106	20,615,767	1,823,412	75,939,285
Net pension liability	<u>\$ 19,591,321</u>	<u>\$ -</u>	<u>\$ 508,363</u>	<u>\$ 20,099,684</u>	<u>\$ 20,099,684</u>
Net pension asset	<u>\$ -</u>	<u>\$ (190,882)</u>	<u>\$ -</u>	<u>\$ (190,882)</u>	<u>\$ (190,882)</u>
Deferred outflows	\$ 1,997,088	\$ 1,997,088	\$ 231,330	\$ 103,604	\$ 2,332,022
Deferred inflows	\$ 624,320	\$ 624,320	\$ 525,492	\$ 131,991	\$ 1,281,803
Pension expense	\$ 1,279,216	\$ 1,279,216	\$ 5,057	\$ 68,497	\$ 1,352,770

**Alabama State Port Authority Hourly Paid Workers Defined Contribution Plan (Hourly DC Plan)**

**Plan Description**

Hourly paid workers of the Authority participate in a defined contribution plan that requires all hourly employees, other than employees of the Terminal Railway, to contribute a minimum of 2% of wages toward their retirement. Vesting in the employer's portion of the defined contribution plan is five years. Employees enrolled solely in the defined contribution plan, and those that have frozen their participation in the Hourly DB Plan, receive a basic employer contribution of 6% of wages, and a 50% match on the first 6% of employee contributions. Employees that remain in the Hourly DB Plan as their primary retirement vehicle do not receive a basic employer contribution to the Hourly DC Plan, however they do receive a match of 25% on the first 6% of employee contributions and continue to accrue the benefits of the Hourly DB Plan. Newly hired employees are automatically enrolled in the Hourly DC Plan as their sole Authority-provided retirement plan. The Authority's contributions to the Hourly DC Plan for the years ended September 30, 2021 and 2020, were approximately \$1,041,000 and \$1,186,000, respectively.

## 8. RETIREMENT PLANS – CONTINUED

### *Employees' Retirement System of Alabama (ERS)*

#### **Plan Description**

Salaried employees of the Authority subject to the classified system of the State participate in the Employees' Retirement System of Alabama (ERS), a tiered, agent multiple-employer, public employee defined benefit retirement plan. The ERS was established as of October 1, 1945 under the provisions of Act 515 of the State Legislature of 1945. The Authority's participation in the ERS is a cost-sharing arrangement with no separate actuarial information available for the Authority alone. The ERS is a component unit of the State for financial reporting purposes. Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report available at [www.rsa-al.gov](http://www.rsa-al.gov).

#### **Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the ERS, and additions to/deductions from ERS's fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

#### **Benefits Provided**

The ERS provides retirement allowances and other specified benefits for state employees, state police, and employees of cities, counties, towns, and quasi-public organizations on an elective basis. The Board of Control is responsible for the general administration and operation of the ERS. The ERS provides retirement benefits as well as death and disability benefits as established by State Law. The retirement benefit provisions are established by Title 36, Chapter 27 of Alabama State Law and must be amended by statute. Benefits for ERS members vest after ten years of credited service.

Effective October 1, 2012, the Alabama Legislature changed the structure to a tiered plan. State employees hired before January 1, 2013, are classified as ERS Tier 1 members. These employees are eligible to retire after 25 years of creditable service regardless of age, or at age 60 with 10 years of creditable service. State employees hired after January 1, 2013, who do not have prior service are classified as ERS Tier 2 members. These employees may retire at age 62 with at least 10 years of creditable service. State employees who retire are entitled to an annual retirement benefit, payable monthly for life. ERS provides one year of additional retirement service credit for each five (5) years of employment to those eligible as a full-time firefighter, correctional officer, or law enforcement officer, provided that the member remits to the ERS an additional 1% of his or her current annual earnable compensation or the previous year's annual earnable compensation, whichever is higher.

## 8. RETIREMENT PLANS – CONTINUED

### *Employees' Retirement System of Alabama (ERS) – Continued*

#### **Benefits Provided – Continued**

This allows for these employees to retire after 20 years of service. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 1 members of ERS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. Tier 2 members of ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service.

A pre-retirement death benefit is offered in which the account is credited with ERS employer contributions and investment income on such funds. The pre-retirement death benefit (in the form of group term life insurance) is paid in addition to the return of member contributions upon the death of an active ERS member who has completed at least one year of active membership in the system and whose date of death was within ninety days of such member's last date of actual service. However, a surviving spouse beneficiary may elect a survivor allowance in lieu of this benefit. The pre-retirement death benefit is equal to the annual earnable compensation of the member as reported to the ERS for the preceding year ending September 30.

When a member withdraws from service through resignation, the member's accumulated contributions and a portion of accumulated interest credited to the account may be returned to the member.

#### **Contributions**

Title 36, Chapter 27 of the Alabama State Law established the contribution requirements and may only be amended by State statute. The law provides that the Board of Control engage an actuary to prepare an annual valuation of the assets and liabilities of the various reserves.

The actuary has computed, as of the date of the latest available actuarial valuation, the estimated present value of benefits payable to retired members, beneficiaries, and active members. The actuarial valuations are prepared using the entry age normal method. The present value of the expected benefits payable on account of the active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable from ERS on account of the present group of members and beneficiaries.

ERS funding policies provide for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer contributions required to support the benefits are determined following a level funding approach, and consist of a normal contribution, an accrued liability contribution, and a portion to finance administrative costs.

8. RETIREMENT PLANS – CONTINUED

*Employees' Retirement System of Alabama (ERS) – Continued*

**Contributions – Continued**

The accrued liability contribution is expected to liquidate the accrued liability within the ERS funding period of 30 years.

The employee required contribution rate to ERS for Tier 1 covered members, with the exception of law enforcement officers, is 7.50% of earnable compensation. The employee required contribution rate to ERS for Tier 1 certified law enforcement officers is 8.50% of earnable compensation. The employer required contribution rate to ERS for all employees in Tier 1 was 14.64% for fiscal 2021 and 15.24% for fiscal 2020. Tier 2 covered members, with the exception of law enforcement officers, contribute 6.00% of earnable compensation. The employee required contribution rate to ERS for Tier 2 certified law enforcement officers is 7.00% of earnable compensation. The employer required contribution rate to ERS for all employees in Tier 2 was 14.24% in 2021 and 14.87% in 2020. The Authority's total contribution requirement and contributions made for fiscal 2021 and 2020 were approximately \$2,129,000 and \$2,297,000, respectively, which consisted of approximately \$1,420,000 and \$1,550,000 from the Authority and \$709,000 and \$747,000 from employees, respectively.

**Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to ERS**

As of September 30, 2021, the Authority reported a liability of \$21,045,530 for its proportionate share of the net ERS liability. The net ERS liability was measured as of September 30, 2020, and the total ERS liability used to calculate the net ERS liability was determined by an actuarial valuation as of September 30, 2019. The Authority's proportion of the net ERS liability was based on a projection of the Authority's long-term share of contributions to the ERS plan relative to the projected contributions of all participating entities, actuarially determined. At the September 30, 2020 measurement date, the Authority's proportion was 0.677% which was a decrease from 0.681%, its proportion measured as of the September 30, 2019 measurement date.

8. RETIREMENT PLANS – CONTINUED

*Employees' Retirement System of Alabama (ERS) – Continued*

**Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to ERS – Continued**

Due to the one year difference in measurement date and fiscal year end, the Authority recognized ERS expense of \$1,550,045 and \$1,416,656, for the years ended September 30, 2021 and 2020, respectively. As of September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 650,034	\$ 15,706
Changes in assumptions	34,445	-
Net difference between projected and actual earnings on pension plan investments	1,053,105	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	270,120
Authority contributions subsequent to the measurement date	1,420,151	-
	<u>\$ 3,157,735</u>	<u>\$ 285,826</u>

Deferred outflows of resources of \$1,420,151, recognized as a reduction of the net pension liability as of September 30, 2021, result from Authority contributions made subsequent to the measurement date of September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

**Year ended September 30:**

2022	\$ 171,486
2023	559,628
2024	590,352
2025	130,292
	<u>\$ 1,451,758</u>

8. RETIREMENT PLANS – CONTINUED

*Employees' Retirement System of Alabama (ERS) – Continued*

**Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

Utilizing the discount rate of 7.70%, the following presents the Authority's proportionate share of the net pension liability. The information presented also shows the Authority's proportionate share of the net pension liability calculated using a discount rate that is one percentage point lower and one percentage point higher than the current rate as of the September 30, 2020 measurement date:

	<b>1% Decrease (6.70%)</b>	<b>Current Discount Rate (7.70%)</b>	<b>1% Increase (8.70%)</b>
Authority's proportionate share of the net pension liability	\$ 26,573,849	\$ 21,045,530	\$ 16,337,247

**Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan)**

**Plan Description**

All of the Authority's hourly employees, other than employees of the Terminal Railway, that were employed prior to January 1, 2011, who were at least 21 years of age and had completed one year of service, were eligible to participate in the Hourly DB Plan, a single employer, noncontributory defined benefit pension plan. This benefit is based solely on years of service and does not have a wage component. The Authority was authorized to establish and fund this Hourly DB Plan by action of the State Legislature. The assets of the plan are administered by the Retirement Systems of Alabama while the Authority administers the payment of benefits. The Hourly DB Plan issues stand-alone financial statements, a copy of which may be obtained by submitting a written request to the Chief Financial Officer of the Authority. The plan was closed to new participants in fiscal 2011 in favor of the Hourly DC Plan previously described. Employees had the choice of continuing to participate in the Hourly DB Plan and receiving a reduced match of their mandated and eligible elective contributions to the Hourly DC Plan or freezing their participation in the Hourly DB Plan and receiving the enhanced matching of their contributions in the Hourly DC Plan. Those employees who were not vested as of January 1, 2011, had the additional option of transferring the fair value of their accumulated benefit in the Hourly DB Plan into the Hourly DC Plan, such sums not being subject to employer matching. These plan selections were irrevocable.

**Summary of Significant Accounting Policies**

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Hourly DB Plan, and additions to/deductions from the Hourly DB Plan's fiduciary net position have been determined on the same basis as they are reported by the Hourly DB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. RETIREMENT PLANS – CONTINUED

*Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan) – Continued*

**Benefits Provided**

Participants of the Hourly DB Plan becoming eligible for Social Security and having completed at least 10 years of service are currently entitled to benefits of \$297 to \$1,513 a month, up to 35 years of service, as well as those of any age with thirty consecutive years of service. Participants receive an additional \$40 per month for each year of service in excess of 36 years. For active participants, the plan benefits are indexed according to the CPI-U, capped at 3.00% in any year. Active participants who become disabled after completion of 5 years of service, and who are eligible for Social Security benefits, receive disability benefits which are calculated under the same methods used for normal service retirement benefits. If a participant with at least 10 years of service leaves before his/her normal retirement date, he/she will be entitled to a monthly benefit deferred to the date at which he/she becomes eligible for Social Security, determined in accordance with the normal service retirement benefits.

**Employees Covered by Benefit Terms**

The following employees were covered by the benefit terms as of September 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Inactive employees or beneficiaries currently receiving benefits	164	156
Inactive employees entitled to but not receiving benefits	29	31
Active employees	59	71
	<u>252</u>	<u>258</u>

**Contributions**

The Authority's funding policy is to contribute an actuarially determined amount equivalent to the "Normal Cost," utilizing the level percent of inflation (2.75%) amortization method, plus an amortization factor that is designed to remove the beginning unfunded liability over a 40-year period and other actuarial gains and losses over a 15-year period from the year of the gain or loss. Plan amendments are amortized over a 30-year period.

8. RETIREMENT PLANS – CONTINUED

*Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan) – Continued*

**Contributions – Continued**

The annual required contribution for the current year was determined as part of the January 1, 2021 actuarial valuation using the entry age normal percent of pay method. The actuarial assumptions include a 5.25% investment rate of return, with a 2.75% inflation rate inherent in this assumption and with administrative expenses paid outside of the plan. The assumptions do not include post-retirement benefit increases. The plan does not include projected salary increases as the benefit is based solely on years of service. The original unfunded actuarial accrued liability was previously being amortized over a 40-year period; however, as of the January 1, 2021 measurement date, the plan had obtained fully funded status, resulting in a reset of all previous amortization bases to \$0. The current year overfunded status will be amortized over 30 years as a reduction of the actuarially determined annual contribution. If the plan reaches an unfunded status again, a layered amortization approach will again be established. The actuarial value of assets was determined using techniques that normalize the effects of short-term volatility in the market value of investments with actuarial gains or losses being amortized over 15 years from the year of gain or loss on a closed basis.

Contributions were \$1,502,523 and \$1,419,364, equaling 10.95% and 8.99% of payroll of covered participants for the years ended September 30, 2021 and 2020, respectively.

**Net Pension Asset**

The Authority's net pension asset was measured as of September 30, 2021 and 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021 and 2020, rolled forward to September 30 using generally accepted actuarial principles.

The total pension liability in the September 30, 2021 and 2020 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Rates	
	2021	2020
Inflation	2.75%	2.75%
Discount rate	5.25%	5.25%
Investment rate of return	5.25%	5.25%

Healthy mortality rates for the year ended September 30, 2021, for the Hourly DB Plan were based on the RP-2000 Blue Collar Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after 78. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment for 130% at all ages for females.

8. RETIREMENT PLANS – CONTINUED

*Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan) – Continued*

**Net Pension Asset – Continued**

The following illustrates the target allocation and best estimates of arithmetic real rates of return for each major asset class for the year ended September 30, 2021:

Investment Type:	Target Allocation	Long-Term Expected Real Rate of Return
Short-Term Securities (cash equivalents)	7.50%	-0.33%
U.S. Government / Agency (cash equivalents)	27.50%	-0.33%
Corporate Bonds	34.00%	1.73%
Large-, Mid-, and Small-Cap Equities	17.00%	6.25%
Mortgage-backed securities	14.00%	5.41%
	<u>100.00%</u>	

As of September 30, 2021 and 2020, the only investments in the Hourly DB Plan's fiduciary net position that represented a concentration of 5.00% or more in any organization, were those in U.S. Government and Agency securities.

The long-term expected rate of return on Hourly DB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) was developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The discount rate used to measure the total pension liability was the long-term rate of return of 5.25% and a municipal bond rate (based on the 20-year Bond Buyer GO Index) of 2.26% and 2.21% as of September 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the current contribution rate, and the contributions will be made based on the current funding policy for future years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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8. RETIREMENT PLANS – CONTINUED

*Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan) – Continued*

Changes in the Net Pension Asset

	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension Asset (A) - (B)
Balances as of October 1, 2020	\$ 20,615,767	\$ 20,806,649	\$ (190,882)
Service cost	132,274	-	132,274
Interest cost	1,050,335	-	1,050,335
Changes for experience	148,067	-	148,067
Contributions – employer	-	1,502,523	(1,502,523)
Benefit payments	(1,502,523)	(1,502,523)	-
Net investment income	-	917,145	(917,145)
Net changes	<u>(171,847)</u>	<u>917,145</u>	<u>(1,088,992)</u>
Balances as of September 30, 2021	<u>\$ 20,443,920</u>	<u>\$ 21,723,794</u>	<u>\$ (1,279,874)</u>

	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension Asset (A) - (B)
Balances as of October 1, 2019	\$ 20,644,592	\$ 19,231,225	\$ 1,413,367
Service cost	133,730	-	133,730
Interest cost	1,104,298	-	1,104,298
Changes for experience	(297,055)	-	(297,055)
Changes in assumptions	449,566	-	449,566
Contributions – employer	-	1,419,364	(1,419,364)
Benefit payments	(1,419,364)	(1,419,364)	-
Net investment income	-	1,575,424	(1,575,424)
Net changes	<u>(28,825)</u>	<u>1,575,424</u>	<u>(1,604,249)</u>
Balances as of September 30, 2020	<u>\$ 20,615,767</u>	<u>\$ 20,806,649</u>	<u>\$ (190,882)</u>

The change in assumptions reflected in the change in net pension asset for the year ended September 30, 2020, was due to a change to the discount rate effective January 1, 2020.

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8. RETIREMENT PLANS – CONTINUED

*Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan) – Continued*

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following information presents the net pension asset calculated using the discount rate of 5.25% as well as net pension (asset) liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of September 30, 2021:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Net pension liability (asset)	\$ 651,863	\$ (1,279,874)	\$ (2,950,356)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Hourly DB Plan

For the years ended September 30, 2021 and 2020, the plan recognized pension expense of \$278,208 and \$5,057, respectively. As of September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 233,417
Changes in assumptions	13,094	-
Differences between expected and actual experience	<u>70,137</u>	<u>8,653</u>
	<u>\$ 83,231</u>	<u>\$ 242,070</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Hourly DB Plan will be recognized in pension expense as follows:

2022	\$ 37,812
2023	(163,189)
2024	(68,502)
2025	<u>35,040</u>
	<u>\$ (158,839)</u>

8. RETIREMENT PLANS – CONTINUED

*Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan)*

**Plan Description**

All of the Authority's Terminal Railway employees who work at least one day per month, for at least seven months, participate in the Railway Plan, a single employer, non-contributory defined benefit pension plan. The Authority was authorized to establish and fund this Railway Plan by action of the State Legislature. The assets of the plan are administered by the Retirement Systems of Alabama while the Authority administers the payment of benefits. The Railway Plan issues stand-alone financial statements, a copy of which may be obtained by submitting a written request to the Chief Financial Officer of the Authority.

**Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Railway Plan, and additions to/deductions from the Railway Plan's fiduciary net position have been determined on the same basis as they are reported by the Railway Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Benefits Provided**

Employees attaining the age of 62 and completion of 10 consecutive years of service or age 60 and completion of 30 consecutive years of service are entitled to benefits of \$7 to \$210 a month, depending upon length of service. Active employees who become disabled after completion of 10 years of service and are eligible for disability benefits under the Railroad Retirement Act receive disability benefits that are calculated under the same methods used for normal service retirement benefits. If an employee leaves before meeting one of the above retirement criteria, he/she is not entitled to benefits under this plan.

**Employees Covered by Benefit Terms**

As of September 30, 2021 and 2020, the following employees were covered by the benefit terms:

	<u>2021</u>	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefits	76	80
Active employees	98	101
	<u>174</u>	<u>181</u>

8. RETIREMENT PLANS – CONTINUED

*Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan) – Continued*

**Contributions**

The Authority's funding policy is to contribute an actuarially determined amount equivalent to the "Normal Cost," utilizing the level percent of inflation (2.75%) amortization method, plus an amortization factor that is designed to remove the beginning unfunded liability over a 40-year period and other actuarial gains and losses over a 15-year period from the year of the gain or loss. Plan amendments are amortized over a 30-year period.

The annual required contribution for the current year was determined as part of the January 1, 2021 actuarial valuation using the entry age normal percent of pay method. The actuarial assumptions include a 5.25% investment rate of return, with a 2.75% inflation rate inherent in this assumption and with administrative expenses paid outside of the plan. The assumptions do not include post-retirement benefit increases. The plan does not include projected salary increases as the benefit is based solely on years of service. The original unfunded actuarial accrued liability is being amortized over a 40-year period on a closed basis with a remaining amortization period of 3 years. The actuarial value of assets was determined using techniques that normalize the effects of short-term volatility in the market value of investments with actuarial gains or losses being amortized over 15 years from the year of gain or loss on a closed basis.

Contributions were \$144,209 and \$155,849, equaling 1.79% and 2.03% of payroll of covered participants for the years ended September 30, 2021 and 2020, respectively.

**Net Pension Liability**

The Authority's net pension liability was measured as of September 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 and 2020, rolled forward to September 30 using generally accepted actuarial principles.

The total pension liability in the September 30, 2021 and 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>Rates</b>	
	<u>2021</u>	<u>2020</u>
Inflation	2.75%	2.75%
Discount rate	5.25%	5.25%
Investment rate of return	5.25%	5.25%

Healthy mortality rates for the year ended September 30, 2021, for the Railway Plan were based on the RP-2000 Blue Collar Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after 78. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment for 130% at all ages for females.

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**8. RETIREMENT PLANS – CONTINUED**

*Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan) – Continued*

**Net Pension Liability – Continued**

The following illustrates the target allocation and best estimates of arithmetic real rates of return for each major asset class for the year ended September 30, 2021:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<b>Investment Type:</b>		
Short-Term Securities (cash equivalents)	7.50%	-0.33%
U.S. Government / Agency (cash equivalents)	27.50%	-0.33%
Corporate Bonds	34.00%	1.73%
Large-, Mid-, and Small-Cap Equities	17.00%	6.25%
Mortgage-backed securities	14.00%	5.41%
	<u>100.00%</u>	

As of September 30, 2021 and 2020, the only investments in the Hourly DB Plan's fiduciary net position that represented a concentration of 5.00% or more in any organization, were those in U.S. Government and Agency securities.

The long-term expected rate of return on Railway Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) was developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The discount rate used to measure the total pension liability was the long-term rate of return of 5.25%, and a municipal bond rate (based on the 20-year Bond Buyer GO Index) of 2.26% and 2.21% as of September 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the current contribution rate, and the contributions will be made based on the current funding policy for future years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**8. RETIREMENT PLANS – CONTINUED**

*Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan) – Continued*

**Changes in the Net Pension Liability**

	<u>Total Pension Liability (A)</u>	<u>Pension Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Balances as of October 1, 2020	\$ 1,823,412	\$ 1,315,049	\$ 508,363
Service cost	22,939	-	22,939
Interest cost	93,196	-	93,196
Changes for experience	(15,939)	-	(15,939)
Contributions – employer	-	144,209	(144,209)
Benefit payments	(144,209)	(144,209)	-
Net investment income	-	57,966	(57,966)
Net changes	<u>(44,013)</u>	<u>57,966</u>	<u>(101,979)</u>
Balances as of September 30, 2021	<u>\$ 1,779,399</u>	<u>\$ 1,373,015</u>	<u>\$ 406,384</u>
	<u>Total Pension Liability (A)</u>	<u>Pension Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Balances as of October 1, 2019	\$ 1,784,553	\$ 1,214,391	\$ 570,162
Service cost	21,291	-	21,291
Interest cost	95,121	-	95,121
Changes for experience	36,879	-	36,879
Changes in assumptions	40,371	-	40,371
Contributions – employer	-	155,849	(155,849)
Benefit payments	(154,803)	(154,803)	-
Net investment income	-	99,612	(99,612)
Net changes	<u>38,859</u>	<u>100,658</u>	<u>(61,799)</u>
Balances as of September 30, 2020	<u>\$ 1,823,412</u>	<u>\$ 1,315,049</u>	<u>\$ 508,363</u>

The change in assumptions reflected in the change in net pension liability for the year ended September 30, 2020, was due to a change to the discount rate effective January 1, 2020.

8. RETIREMENT PLANS – CONTINUED

*Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan) – Continued*

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following information presents the net pension liability calculated using the discount rate of 5.25% as well as net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of September 30, 2021:

	<b>1% Decrease (4.25%)</b>	<b>Current Discount Rate (5.25%)</b>	<b>1% Increase (6.25%)</b>
Net pension liability	\$ 581,002	\$ 406,384	\$ 256,687

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Railway Plan**

For the years ended September 30, 2021 and 2020, the plan recognized pension expense of \$44,635 and \$68,497, respectively. As of September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 15,167
Changes in assumptions	44,873	55,478
Differences between expected and actual experience	33,938	38,958
	<u>\$ 78,811</u>	<u>\$ 109,603</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Railway Plan will be recognized in pension expense as follows:

2022	\$ (7,226)
2023	(14,836)
2024	(4,106)
2025	(2,865)
2026	(1,759)
	<u>\$ (30,792)</u>

9. OTHER POSTEMPLOYMENT BENEFITS

**Plan Description**

The State Employees' Insurance Board (SEIB) is responsible for the establishment of the State of Alabama Employees' Health Insurance Plan (SEHIP) and its general administration and operation, including the determination of participant premiums. The SEIB is a body incorporated for the purpose of management of health insurance benefits and operates the SEHIP providing health care benefits to all participating State and State agency employees. For the purposes of reporting under GASB Statement No. 75, the SEHIP is assumed to be a cost-sharing-employer defined benefit other postemployment benefit (OPEB) plan. The contributions and benefit payments related to retirees are processed through the SEIB's plans along with activity related to active employees.

The State Employees' Insurance Fund (SEIF) was established in 1965 to provide health insurance benefits for employees and retired employees of the State and certain state agencies. Effective October 1, 1988, administration responsibility for SEIF was transferred from the Retirement Systems of Alabama to separate staff employed by the Board. All assets of the SEIF are held in trust for payment of health insurance benefits, and both active and retiree health benefits are paid through the SEIF. The contributions (both employer and plan member) and benefit payments related to retirees that are processed through the SEIF are segregated from the SEIF and reported as part of the Alabama Retired State Employees' Health Care Trust (SEIF – Retired Trust).

The financial statements of the SEIB provide reporting for SEIF and SEIF – Retired Trust, and the SEIB's audited financial statements are publicly available on the SEIB's website at [www.alseib.org](http://www.alseib.org).

**Summary of Significant Accounting Policies**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, fiduciary net position, and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the SEIB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

**Benefits Provided**

The SEIB serves as the Plan Administrator for the SEHIP and is primarily responsible for the control and supervision of the SEHIP. The SEIB is also responsible for designing benefits and setting premiums. Benefits include basic medical coverage for up to 365 days of care during each hospital confinement, outpatient care, physician's benefits, radiation therapy, and major medical benefits with no lifetime maximum. This coverage remains the primary insurer for medical coverage until the retiree is entitled to Medicare, at which time health and prescription benefits are modified. A group dental contract provides basic dental maintenance coverage with a maximum benefit amount of \$1,500 during each year for each eligible participant who elects coverage. Limited vision and cancer policies are also available to eligible participants who elect coverage. Retiree medical eligibility is attained when an employee of the Authority, other than employees of the Terminal Railway, retires after reaching at least ten years of creditable service with SEHIP.

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**9. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED**

**Contributions**

Code of Alabama 1975, Section 36-29-19.7 provides that the SEIB shall set forth the employer contribution to the health insurance premium for each retiree class. For retirees who retired prior to October 1, 2005, the State pays 100% of the premium for a retiree who is over 65 and eligible for Medicare. The SEIB determines annually the required contributions from agencies and retirees to adequately fund retiree health costs.

Retiree contributions vary based on type of contract, dependent coverage, Medicare eligibility and election, wellness participation, spousal surcharge, and tobacco usage. A sliding scale premium is applied to all employees retiring after September 30, 2005, based on their years of service. The premium for retiree coverage is broken down into the employer share and the retiree share. Under the sliding scale, the retiree is still responsible for the retiree share, however, the employer share will increase or decrease based upon a retiree's years of service. For those employees retiring with 25 years of service, the employer would pay 100% of the employer share of the premium. For each year less than 25, the employer share is reduced by 2.00% and the retiree share is increased accordingly. For each year over 25, the employer share is increased by 2.00% and the retiree share reduced accordingly. For members retiring on or after January 1, 2012, the 2.00% reduction in the employer share of the premium for each year of service less than 25 was increased to 4.00%. In addition, a 1% reduction in the employer share of the premium is added for each year of age less than the Medicare entitlement age. This additional age premium component is removed upon attaining Medicare entitlement. Furthermore, monthly retiree contributions are subject to discounts for wellness, non-tobacco use and spousal surcharge waiver and are as follows: Wellness (pre-Medicare only), \$25 retiree, \$25 spouse; non-tobacco use, \$60 retiree and spouse; spousal surcharge of \$50 if a spouse is covered but is eligible for other insurance coverage.

The contribution requirements of the plan members and state agencies are established and may be amended by the SEIB. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the SEIB. For both plan years ended September 30, 2020 and 2019, state agencies were required to contribute to the SEIF a blended rate of \$930 per month per active employee. These blended rates provide for the employer's portion of active and retired employee premiums. Additionally, the SEIB determined additional contributions totaling \$1,200,000 per year would be allocated among employers beginning in 2021. For the years ended September 30, 2021 and 2020, the Authority contributed \$917,111 and \$747,379, respectively, to the SEIF.

**Net OPEB Liability**

The Authority's net OPEB liability was measured as of September 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of September 30, 2019. The Authority's proportion of the net OPEB liability was based on the Authority's contributions made to the plan during the fiscal year ended September 30, 2020, relative to total contributions made by all participating entities. At the September 30, 2020 measurement date, the Authority's proportion was 1.37% which was a decrease from 1.70%, its proportion measured as of the September 30, 2019 measurement date.

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**9. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED**

**Net OPEB Liability – Continued**

The components of the net OPEB liability as of and for the years ended September 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Total OPEB liability	\$ 16,445,627	\$ 32,650,830
OPEB Fiduciary net position	2,822,292	3,244,587
Net OPEB liability	<u>\$ 13,623,335</u>	<u>\$ 29,406,243</u>
OPEB benefit	\$ (5,285,258)	\$ (1,246,940)

**Actuarial Assumptions and Other Inputs**

The following are the actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	5.00%-3.25% for State Employees, including 3.00% wage inflation
Long-term investment rate of return	7.50% compounded annually, net of investment expense, including inflation
Municipal Bond Index Rate at Measurement date	2.25%
Municipal Bond Index Rate at Prior Measurement Date	3.00%
Year Fiduciary Net Position is projected to be depleted	N/A
Single Equivalent Interest Rate at Measurement Date	7.50%
Single Equivalent Interest Rate at Prior Measurement Date	3.63%
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate trend rate	
Pre-Medicare Eligible	4.75% in 2027
Medicare Eligible	4.75% in 2024
Dental Trend Rate	4.50%

*\*\*Initial Medicare claims are set based on scheduled increases through plan year 2022.*

The rates of mortality for the period after service retirement are according to the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after age 78. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

9. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Assumptions and Other Inputs – Continued

The long-term expected rate of return on the plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The following illustrates the target allocation and best estimates of geometric real rates of return for each major asset class for the measurement date of September 30, 2020:

	Target Allocation	Long-Term Expected Real Rate of Return
<b>Investment Type:</b>		
Fixed income	28.20%	4.40%
U.S. Domestic Stocks	55.20%	8.70%
International Developed Market Stocks	10.80%	9.80%
Cash	5.80%	1.50%
	<u>100.00%</u>	

Determination of the Single Equivalent Interest Rate (SEIR), or discount rate, used to measure the total OPEB liability requires projection of the Fiduciary Net Position (FNP) into the future for as long as there are anticipated benefits payable under the plan's provisions applicable to the members and beneficiaries of the Plan at the Measurement Date. If the FNP is not projected to be depleted at any point in the future, the long term expected rate of return on plan investments may be used as the SEIR. If the FNP is projected to be depleted, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return (7.50% at the September 30, 2020 and 2019 measurement dates), and the present value determined by discounting those benefits after the date of depletion by the Municipal Bond Index Rate (2.25% and 3.00% at the September 30, 2020 and 2019 measurement dates, respectively). The Municipal Bond Index Rate, if necessary, is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index, the Fidelity General Obligation AA 20-year Municipal Bond Index, and the S&P High Grade 20-year Municipal Bond Index.

At the September 30, 2020 measurement date, the FNP was not projected to be depleted at any point in the future; therefore, the long-term expected rate of return of 7.50% was used as the SEIR. At the September 30, 2019 measurement date, the FNP was projected to be depleted; therefore, a rate of 3.63% was used as the SIER based on the calculation described above.

9. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Assumptions and Other Inputs – Continued

In 2016, rates of withdrawal, retirement, disability, and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through a Medicare Advantage Plan (MAPD) that offers prescription drug coverage. In 2019, assumed rates of tobacco use, spouse participation and the payment of the spousal surcharge were adjusted to more closely reflect actual and anticipated experience. Beginning in plan year 2021, the MAPD plan premium rates exclude the Affordable Care Act (ACA) Health Insurer Fee which was repealed on December 20, 2019. There were no other plan changes or changes in actuarial assumptions made since the prior measurement date.

The decremental assumptions and methods used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2015, submitted to and adopted by the SEIB on September 29, 2016.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2019 valuation were based on a review of recent plan experience done concurrently with the September 30, 2019 valuation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following information presents the net OPEB liability calculated using the discount rate of 7.50% as well as net OPEB liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of the September 30, 2020 measurement date:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB liability	\$ 15,577,036	\$ 13,623,335	\$ 11,979,990

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following information presents the net OPEB liability calculated using current healthcare cost trend rates, as well as net OPEB liability using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates as of the September 30, 2020 measurement date:

	1% Decrease (5.75% decreasing to 3.75% for pre-Medicare, Known decreasing to 3.75% for Medicare eligible)	Current Healthcare Cost Trend Rates (6.75% decreasing to 4.75% for pre-Medicare, Known decreasing to 4.75% for Medicare eligible)	1% Increase (7.75% decreasing to 5.75% for pre-Medicare, Known decreasing to 5.75% for Medicare eligible)
Net OPEB liability	\$ 11,693,196	\$ 13,623,335	\$ 15,963,982

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**9. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED**

**OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

As of September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 13,448,718
Changes in assumptions	1,349,027	11,293,595
Net difference between projected and actual earnings on OPEB plan investments	16,449	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	6,898,129	9,000,210
Authority contributions subsequent to the measurement date	917,111	-
	<u>\$ 9,180,716</u>	<u>\$ 33,742,523</u>

Deferred outflows of resources of \$917,111 result from Authority contributions subsequent to the measurement date of September 30, 2020, and will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended September 30:**

2022	\$ (6,810,340)
2023	(6,022,785)
2024	(6,274,863)
2025	(5,054,467)
2026	(1,316,463)
	<u>\$ (25,478,918)</u>

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**10. UNPAID CLAIMS LIABILITIES**

The Authority is partially self-insured with respect to workers' compensation claims. An accrual for uninsured claims due within one year is included in other accrued liabilities in the statements of net position. The liability for estimated claims that have been incurred but have not been reported, as well as a cash development factor for known claims, has been accrued as unpaid claims in the statements of net position. The following represents changes in those aggregate liabilities for the Authority during the years ended September 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 1,998,159	\$ 2,333,062
Provisions for claims	10,575	(192,055)
Payments	<u>(222,958)</u>	<u>(142,848)</u>
Reported claims payable and estimated claims incurred but not reported at end of year	1,785,776	1,998,159
Less: current liabilities	<u>182,903</u>	<u>148,268</u>
Reported long-term claims payable at end of year	<u>\$ 1,602,873</u>	<u>\$ 1,849,891</u>

**11. LEASING ARRANGEMENTS**

The Authority derives certain operating revenue from tenants through rental payments earned from operating leases. Tenant leases typically guarantee minimum rent and other miscellaneous charges to cover certain expenses.

The following is a schedule of minimum future lease payments anticipated to be received by the Authority under operating leases:

Year ended September 30,

2022	\$ 7,649,973
2023	6,956,425
2024	6,230,531
2025	5,805,036
2026	5,602,306
Thereafter	<u>79,316,054</u>
	<u>\$ 111,560,325</u>

## 12. COMMITMENTS AND CONTINGENCIES

In December 1976, the Authority purchased a parcel of land on which there was, at the time of purchase, an operating creosoting facility. Creosoting operations had existed on the property since or about 1901 and continued until or about 1986.

In December 1985, the Authority entered into a Consent Agreement and Final Order with the U.S. Environmental Protection Agency (EPA), agreeing to submit to the EPA a closure plan for the property and then implement the closure plan and meet all requirements of the post-closure permit application. The Authority, under the guidance of the Alabama Department of Environmental Management (ADEM), developed a corrective measures plan, and remediation work was completed in 2006. The plan required soil coverage (to ensure no physical contact with the contaminated soil), drainage, ongoing monitoring, and other environmental site work, which is expected to continue until defined metrics are achieved.

The EPA retains jurisdiction to bring an enforcement action against the Authority should the EPA find that handling, storage, treatment, transportation, or disposal of hazardous or solid waste at the facility presents an imminent and substantial endangerment to human health or the environment. The EPA also retains jurisdiction to approve and monitor the clean-up procedures and closure at the site.

The Authority is a defendant in various litigation and environmental disputes in the normal course of business. Management is of the opinion that the ultimate resolution of such claims will not materially affect the Authority's financial position or results of operations.

## 13. INTEREST RATE SWAP

In December 2002, the Authority entered into a swaption contract in order to monetize potential debt service savings on the Authority's callable Docks Facilities Revenue Bonds Series 1996. The swaption gave the counterparty the option to enter into a variable-to-fixed interest rate swap at a specified future date.

The counterparty exercised its option under the swaption agreement, and the interest rate swap commenced on October 1, 2006, with the Authority paying a fixed interest rate (5.38%) and the Authority receiving a variable interest rate (67% of the one-month LIBOR). Upon exercising of the option by the counterparty, the Authority issued variable-rate refunding bonds in an amount sufficient to refund the fixed rate Docks Facilities Revenue Bonds Series 1996. The Authority may be exposed to various risks such as credit risk and interest rate risk through the interest rate swap. The impact of credit risk is inconsequential as of September 30, 2021, as the interest rate swap is one day from expiration, and is minimized at September 30, 2020, as it is a liability. The swap agreement, which expires on October 1, 2021, is based on an amortizing notional amount, which was \$7,970,000 as of September 30, 2021. As of September 30, 2021 and 2020, the interest rate swap had a negative fair value of \$251,940 and \$423,385, respectively, and is recorded in the accompanying financial statements in accordance with GASB Statement No. 53 as an investment derivative instrument.

## 13. INTEREST RATE SWAP – CONTINUED

The Authority was required to post collateral deposits in fiscal 2009 and 2010 due to the negative position of the interest rate swap. The balance of the collateral was approximately \$7.6 million as of September 30, 2021 and 2020. The interest rate swap is valued using Level 2 inputs calculated using an industry accepted option-pricing model that uses market interest rates and a volatility assumption on the valuation date. The interest rate and volatility data are used to calculate the present value of the potential future cash flows of the interest rate swap. The swap agreement expired in October 2021, and the collateral balance of approximately \$7.6 million was returned to the Authority.

## 14. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2021 and 2020, the Authority received approximately \$0 and \$416,000, respectively, of revenues from customers having principals who are members of the Authority's Board of Directors.

In fiscal 2020, the Authority sold property for \$4.5 million to a customer owned by a citizen who, at the time of sale, was a member of the Authority's Board of Directors. Due to this relationship, the sale was conducted by silent bid through the Authority's attorneys, with minimum bid established by market-value appraisal.

## 15. RECLASSIFICATIONS

Certain reclassifications have been made to the previously reported financial statements and accompanying notes to make the prior year comparable to those of the current year. Such reclassifications had no effect on previously reported operations or net position.

## 16. SUBSEQUENT EVENTS

On March 2, 2022, the U.S. Department of Transportation awarded \$100 million to the Mobile Airport Authority and the Authority who jointly competed for the U.S. Department of Transportation Demonstration Program Grant. The competitive grant, authorized under the Consolidated Appropriations Act to construct multi-modal transportation assets in Mobile, Alabama, will increase the efficiency of freight movements by air, rail, highway, and water, and will facilitate capital infrastructure improvements at the Port of Mobile (Port) and at the Mobile Downtown Airport (BFM). Under the grant, the Authority will receive \$38 million to invest in an inter-terminal connector bridge at the container intermodal complex to connect the marine terminal with the intermodal container transfer facility (ICTF) and adjacent logistics park. The connector facilitates direct, low emission transfer of containers from ocean vessels to rail via the ICTF or to warehouse distribution centers located within the logistics park. The Port will also invest in site development and civil infrastructure in preparation for the construction of distribution centers at the logistics park.

## 16. SUBSEQUENT EVENTS – CONTINUED

In February 2022, the Authority utilized cash reserves of approximately \$3.3 million on two strategic real estate acquisitions. The future development of the first property, adjacent to the main docks facilities in Mobile, Alabama, will be determined as needed. The Authority also purchased a parcel of land encompassing approximately 272 acres located in Montgomery County, Alabama for development of an inland intermodal container transfer facility. The project will extend intermodal rail service from the Authority's intermodal container intermodal transfer facility at the Port of Mobile in support of Alabama regional growth in manufacturing, retail, distribution, and agribusiness sectors.

## 17. ISSUANCE OF NEW ACCOUNTING STANDARDS

The GASB issued Statement No. 87, *Leases*, in June 2017. This Statement is effective for reporting periods beginning after December 15, 2019 (subsequently extended 18 months by GASB No. 95). This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement also will require notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. This Statement does not apply to contracts that meet the definition of a service concession arrangement as outlined in GASB Statement No. 60. The Authority is currently evaluating the financial statement impact of the adoption of this Statement.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, in May 2019. This Statement is effective for reporting periods beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The Authority is currently evaluating the financial statement impact of the adoption of this Statement.

The GASB issued Statement No. 92, *Omnibus 2020*, in January 2020. This Statement is effective for reporting periods beginning after June 15, 2020 (subsequently extended 18 months by GASB No. 95). The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Authority is currently evaluating the financial statement impact of the adoption of this Statement.

## 17. ISSUANCE OF NEW ACCOUNTING STANDARDS – CONTINUED

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, in March 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020 (subsequently extended 18 months by GASB No. 95). Due to global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The Authority is currently evaluating the financial statement impact of the adoption of this Statement.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, in March 2020. This Statement is effective for periods beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement requires, PPPs that meet the definition of a lease to apply the guidance in Statement No. 87 if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets, and the PPP does not meet the definition of an SCA. Additionally, this Statement provides guidance for accounting and financial reporting for availability payment arrangements (APA). This Statement requires a government that is engaged in an APA that contains multiple components to recognize each component as a separate arrangement. The Authority is currently evaluating the financial statement impact of the adoption of this Statement.

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, in May 2020. The primary objective of this Statement is to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of the following pronouncements are postponed by one year: Statements No. 83, 84, 88, 90, 91, 92, and 93 and Implementation Guides No. 2018-1, 2019-1, and 2019-2. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87 and Implementation Guide No. 2019-3. Earlier application of the provisions addressed in this Statement is permitted to the extent specified in each pronouncement as originally issued.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. This Statement is effective for periods beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, and provides capitalization criteria for outlays, other than subscription payments. The Authority is currently evaluating the financial statement impact of the adoption of this Statement.

**ALABAMA STATE PORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

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**17. ISSUANCE OF NEW ACCOUNTING STANDARDS – CONTINUED**

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, in June 2020. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for periods beginning after June 15, 2021. All other requirements and criteria of this Statement are effective immediately. This Statement increases consistency and comparability related to the reporting of fiduciary component units and mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements. The Authority is currently evaluating the financial statement impact of the adoption of this Statement.

The GASB issued Statement No. 98, *Annual Comprehensive Financial Report*, in October 2021. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. This Statement establishes the term Annual Comprehensive Financial Report and its acronym, ACFR, to be used in reporting for state and local governments. This statement is expected to have minimal impact to the Authority's financial statements. This statement replaces an existing term but does not otherwise establish new accounting and financial reporting requirements.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**ALABAMA STATE PORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION (ASSET) LIABILITY  
AND RELATED RATIOS (HOURLY DB PLAN)  
LAST EIGHT FISCAL YEARS ENDED SEPTEMBER 30**

	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>								
Service cost	\$ 132,274	\$ 133,730	\$ 138,460	\$ 143,789	\$ 157,083	\$ 174,718	\$ 174,718	\$ 183,862
Interest cost	1,050,335	1,104,298	1,128,442	1,237,387	1,258,862	1,281,263	1,259,169	1,244,139
Differences between expected and actual experience	148,067	(297,055)	(261,081)	(332,921)	34,124	(189,550)	(488,741)	-
Changes in assumptions	-	449,566	(36,917)	(684,685)	446,893	(309,826)	479,904	-
Benefit payments	(1,502,523)	(1,419,364)	(1,387,398)	(1,334,290)	(1,354,487)	(1,271,369)	(1,192,838)	(1,162,597)
Net change in total pension liability	(171,847)	(28,825)	(418,494)	(970,720)	542,475	(314,764)	232,212	265,404
Total pension liability – beginning	20,615,767	20,644,592	21,063,086	22,033,806	21,491,331	21,806,095	21,573,883	21,308,479
Total pension liability – ending (A)	20,443,920	20,615,767	20,644,592	21,063,086	22,033,806	21,491,331	21,806,095	21,573,883
<b>PENSION FIDUCIARY NET POSITION</b>								
Contributions – employer	1,502,523	1,419,364	1,387,398	1,334,290	1,354,487	1,271,369	1,192,838	1,174,083
Net investment income	917,145	1,575,424	1,451,331	369,013	601,428	1,094,074	396,515	420,789
Benefit payments	(1,502,523)	(1,419,364)	(1,387,398)	(1,334,290)	(1,354,487)	(1,271,369)	(1,192,838)	(1,162,597)
Net change in pension fiduciary net position	917,145	1,575,424	1,451,331	369,013	601,428	1,094,074	396,515	432,275
Pension fiduciary net position – beginning	20,806,649	19,231,225	17,779,894	17,410,881	16,809,453	15,715,379	15,318,864	14,886,589
Pension fiduciary net position – ending (B)	21,723,794	20,806,649	19,231,225	17,779,894	17,410,881	16,809,453	15,715,379	15,318,864
<b>NET PENSION (ASSET) LIABILITY (A) - (B)</b>	<u>\$ (1,279,874)</u>	<u>\$ (190,882)</u>	<u>\$ 1,413,367</u>	<u>\$ 3,283,192</u>	<u>\$ 4,622,925</u>	<u>\$ 4,681,878</u>	<u>\$ 6,090,716</u>	<u>\$ 6,255,019</u>
<b>FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	106.26%	100.93%	93.15%	84.41%	79.02%	78.22%	72.07%	71.01%
<b>COVERED PAYROLL</b>	\$ 13,727,865	\$ 15,790,208	\$ 16,283,596	\$ 14,669,586	\$ 12,704,324	\$ 12,136,336	\$ 15,241,310	\$ 15,588,432
<b>NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL</b>	-9.32%	-1.21%	8.68%	22.38%	36.39%	38.58%	39.96%	40.13%

**ALABAMA STATE PORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF AUTHORITY CONTRIBUTIONS (HOURLY DB PLAN)  
LAST EIGHT FISCAL YEARS ENDED SEPTEMBER 30**

Fiscal Year	Actuarially Determined Contribution	Contributions From Authority	Contribution (Deficiency)/ Excess	Covered Payroll	Contribution as a % of Payroll
2014	\$ 1,030,143	\$ 1,174,083	\$ 143,940	\$ 15,588,432	7.53%
2015	\$ 1,056,588	\$ 1,192,838	\$ 136,250	\$ 15,241,310	7.83%
2016	\$ 1,060,352	\$ 1,271,369	\$ 211,017	\$ 12,136,336	10.48%
2017	\$ 699,784	\$ 1,354,487	\$ 654,703	\$ 12,704,324	10.66%
2018	\$ 666,584	\$ 1,334,290	\$ 667,706	\$ 14,669,586	9.10%
2019	\$ 411,664	\$ 1,387,398	\$ 975,734	\$ 16,283,596	8.52%
2020	\$ 442,597	\$ 1,419,364	\$ 976,767	\$ 15,790,208	8.99%
2021	\$ 331,322	\$ 1,502,523	\$ 1,171,201	\$ 13,727,865	10.95%

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are determined as of January 1, the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal percent of pay
Discount rate	5.25%
Investment rate of return	5.25%
Inflation	2.75%
Salary increases	Not applicable to this plan
Retirement age	The retirement assumption is based on a 2015 study, for experience from 2011 to 2014.
Mortality	RP-2000 Blue Collar Mortality Table (sex distinct) projected and RP-2000 Disabled Retiree Mortality Table (sex distinct) projected

For fiscal years 2021 and 2020, healthy mortality rates were based on the RP-2000 Blue Collar Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after 78. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment for 130% at all ages for females.

**ALABAMA STATE PORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY  
AND RELATED RATIOS (RAILWAY PLAN)  
LAST EIGHT FISCAL YEARS ENDED SEPTEMBER 30**

	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>								
Service cost	\$ 22,939	\$ 21,291	\$ 35,014	\$ 37,519	\$ 35,183	\$ 38,997	\$ 38,997	\$ 37,071
Interest cost	93,196	95,121	99,060	108,831	111,948	114,083	103,933	105,435
Differences between expected and actual experience	(15,939)	36,879	18,606	(38,525)	(18,152)	7,580	(13,058)	-
Changes in assumptions	-	40,371	(54,640)	(41,565)	50,585	(34,384)	163,409	-
Benefit payments	(144,209)	(154,803)	(157,017)	(153,693)	(156,147)	(159,907)	(166,205)	(168,843)
Net change in total pension liability	(44,013)	38,859	(58,977)	(87,433)	23,417	(33,631)	127,076	(26,337)
Total pension liability – beginning	1,823,412	1,784,553	1,843,530	1,930,963	1,907,546	1,941,177	1,814,101	1,840,438
Total pension liability – ending (A)	1,779,399	1,823,412	1,784,553	1,843,530	1,930,963	1,907,546	1,941,177	1,814,101
<b>PENSION FIDUCIARY NET POSITION</b>								
Contributions – employer	144,209	155,849	157,017	177,135	172,181	191,724	182,218	168,843
Net investment income	57,966	99,612	91,647	24,429	37,892	67,224	7,248	36,347
Benefit payments	(144,209)	(154,803)	(157,017)	(153,693)	(156,147)	(159,907)	(166,205)	(168,843)
Net change in pension fiduciary net position	57,966	100,658	91,647	47,871	53,926	99,041	23,261	36,347
Pension fiduciary net position – beginning	1,315,049	1,214,391	1,122,744	1,074,873	1,020,947	921,906	898,645	862,298
Pension fiduciary net position – ending (B)	1,373,015	1,315,049	1,214,391	1,122,744	1,074,873	1,020,947	921,906	898,645
<b>NET PENSION LIABILITY (A) - (B)</b>	<b>\$ 406,384</b>	<b>\$ 508,363</b>	<b>\$ 570,162</b>	<b>\$ 720,786</b>	<b>\$ 856,090</b>	<b>\$ 886,599</b>	<b>\$ 1,019,271</b>	<b>\$ 915,456</b>
<b>FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	77.16%	72.12%	68.05%	60.90%	55.67%	53.52%	47.49%	49.54%
<b>COVERED PAYROLL</b>	\$ 8,059,913	\$ 7,659,706	\$ 7,787,550	\$ 7,363,599	\$ 7,331,607	\$ 7,293,665	\$ 8,324,817	\$ 8,010,453
<b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL</b>	5.04%	6.64%	7.32%	9.79%	11.68%	12.16%	12.24%	11.43%

**ALABAMA STATE PORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF AUTHORITY CONTRIBUTIONS (RAILWAY PLAN)  
LAST EIGHT FISCAL YEARS ENDED SEPTEMBER 30**

Fiscal Year	Actuarially Determined Contribution	Contributions From Authority	Contribution (Deficiency)/ Excess	Covered Payroll	Contribution as a % of Payroll
2014	\$ 186,456	\$ 168,843	\$ (17,613)	\$ 8,010,453	2.11%
2015	\$ 184,871	\$ 182,218	\$ (2,653)	\$ 8,324,817	2.19%
2016	\$ 195,597	\$ 191,724	\$ (3,873)	\$ 7,293,665	2.63%
2017	\$ 175,392	\$ 172,181	\$ (3,211)	\$ 7,331,607	2.35%
2018	\$ 178,770	\$ 177,135	\$ (1,635)	\$ 7,363,599	2.41%
2019	\$ 155,069	\$ 157,017	\$ 1,948	\$ 7,787,550	2.02%
2020	\$ 152,267	\$ 155,849	\$ 3,582	\$ 7,659,706	2.03%
2021	\$ 149,410	\$ 144,209	\$ (5,201)	\$ 8,059,913	1.79%

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are determined as of January 1, the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal percent of pay
Discount rate	5.25%
Investment rate of return	5.25%
Inflation	2.75%
Salary increases	Not applicable to this plan
Retirement age	The retirement assumption is based on a 2015 study, for experience from 2011 to 2014.
Mortality	RP-2000 Blue Collar Mortality Table (sex distinct) projected and RP-2000 Disabled Retiree Mortality Table (sex distinct) projected

For fiscal years 2021 and 2020, healthy mortality rates were based on the RP-2000 Blue Collar Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after 78. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment for 130% at all ages for females.

**ALABAMA STATE PORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (ERS)  
LAST SEVEN FISCAL YEARS ENDED SEPTEMBER 30**

	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.68%	0.68%	0.69%	0.71%	0.73%	0.77%	0.80%
Authority's proportionate share of the net pension liability	\$ 21,045,530	\$ 19,591,321	\$ 18,123,158	\$ 18,559,817	\$ 21,030,957	\$ 20,951,325	\$ 19,617,214
Authority's covered payroll	\$ 10,234,664	\$ 9,814,156	\$ 9,340,048	\$ 9,288,753	\$ 9,732,434	\$ 10,139,151	\$ 9,932,776
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	205.63%	199.62%	194.04%	199.81%	216.09%	206.64%	197.50%
Plan fiduciary net position as a percentage of the total pension liability	61.62%	63.38%	66.20%	65.44%	62.07%	62.35%	65.58%

Amounts and percentages related to the net pension liability for the fiscal year ended September 30, are based on the plan measurement date of the previous fiscal year ended September 30.

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**ALABAMA STATE PORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF AUTHORITY CONTRIBUTIONS (ERS)  
LAST SEVEN FISCAL YEARS ENDED SEPTEMBER 30**

	2021	2020	2019	2018	2017	2016	2015
Contractually required Authority contribution	\$ 1,420,151	\$ 1,550,045	\$ 1,416,656	\$ 1,293,396	\$ 1,300,676	\$ 1,413,503	\$ 1,362,605
Authority contributions in relation to the contractually required contribution	1,420,151	1,550,045	1,416,656	1,293,396	1,300,676	1,413,503	1,362,605
Authority contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 9,775,621	\$ 10,234,664	\$ 9,814,156	\$ 9,340,048	\$ 9,288,753	\$ 9,732,434	\$ 10,139,151
Authority contributions as a percentage of covered payroll	14.53%	15.15%	14.43%	13.85%	14.00%	14.52%	13.44%

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**ALABAMA STATE PORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
LAST FIVE FISCAL YEARS ENDED SEPTEMBER 30**

	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability	1.37%	1.70%	1.63%	1.29%	1.34%
Authority's proportionate share of the net OPEB liability	\$ 13,623,335	\$ 29,406,243	\$ 47,368,513	\$ 40,958,024	\$ 45,831,470
Authority's covered employee payroll	\$ 28,139,898	\$ 28,234,775	\$ 25,876,155	\$ 23,679,611	\$ 23,396,794
Authority's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	48.41%	104.15%	183.06%	172.97%	195.89%
Plan fiduciary net position as a percentage of the total OPEB liability	17.16%	9.94%	5.96%	5.05%	4.20%

Amounts and percentages related to the net OPEB liability for the fiscal year ended September 30, are based on the plan measurement date of the previous fiscal year ended September 30.

**Changes in Actuarial Assumptions and Other Inputs**

In 2016, rates of withdrawal, retirement, disability, and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

**Recent Plan Changes**

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee, which was repealed on December 20, 2019.

Effective January 1, 2020, the MAPD plan moved from self-insured to fully-insured.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through an MAPD plan. There were no other changes in actuarial assumptions made since the prior measurement period.

**ALABAMA STATE PORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF AUTHORITY CONTRIBUTIONS (OPEB)  
LAST FIVE FISCAL YEAR ENDED SEPTEMBER 30**

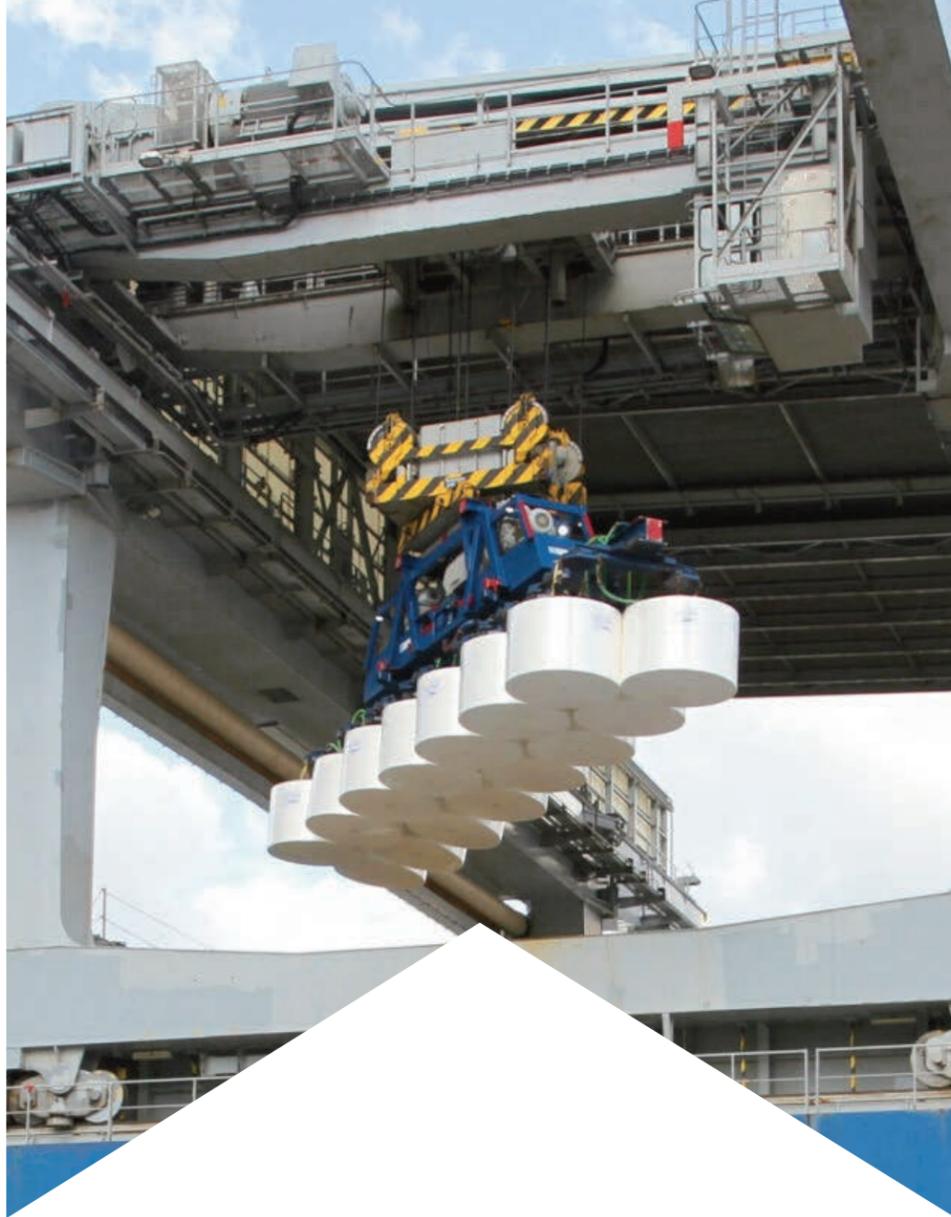
	2021	2020	2019	2018	2017
Contractually required Authority contribution	\$ 917,111	\$ 747,379	\$ 1,265,923	\$ 1,314,110	\$ 1,201,451
Authority contributions in relation to the contractually required contribution	917,111	747,379	1,265,923	1,314,110	1,201,451
Authority contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered employee payroll	\$ 25,562,524	\$ 28,139,898	\$ 28,234,775	\$ 25,876,155	\$ 23,679,611
Authority contributions as a percentage of covered employee payroll	3.59%	2.66%	4.48%	5.08%	5.07%

**Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates, as determined by the plan, are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contractually required contribution rate reported in the above schedule:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Inflation	2.75%
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	*
Ultimate trend rate	
Pre-Medicare Eligible	4.75% in 2026
Medicare Eligible	4.75% in 2024
Dental Trend Rate	4.50%
Investment rate of return	5.00%, including inflation

\* Initial Medicare claims are based on scheduled increase through plan year 2022.



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# STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED) (CONTINUED)

**ALABAMA STATE PORT AUTHORITY**  
An Enterprise Fund of the State of Alabama  
Mobile, AL

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**TABLE OF CONTENTS**

**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

STATISTICAL SECTION (UNAUDITED)

This section of the Alabama State Port Authority's annual comprehensive financial report presents detailed information contained in the financial statements, note disclosures, and all required supplementary information that describes the financial health of the Authority.

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**ALABAMA STATE PORT AUTHORITY  
STATEMENTS OF NET POSITION  
For the Last Ten Fiscal Years Ended September 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Net position at year-end <sup>(1)</sup></b>				
Net investment in capital assets	\$ 319,944,165	\$ 295,756,279	\$ 281,598,996	\$ 286,652,137
Restricted expendable				
Debt service	31,198,328	29,165,784	35,981,425	35,071,717
Capital Projects	682,096	681,924		
Unrestricted	20,339,588	12,284,091	(4,345,581)	(16,939,107)
Total net position	<u>\$ 372,164,177</u>	<u>\$ 337,888,078</u>	<u>\$ 313,234,840</u>	<u>\$ 304,784,747</u>

**ALABAMA STATE PORT AUTHORITY  
STATEMENTS OF NET POSITION (cont.)  
For the Last Ten Fiscal Years Ended September 30**

	<u>Revised 2017</u>	<u>2016</u>	<u>2015</u>	<u>Revised 2014</u>	<u>Revised 2013</u>	<u>Revised 2012</u>
	\$ 295,047,595	\$ 284,233,550	\$ 288,020,749	\$ 284,885,011	\$ 236,696,035	\$ 237,115,253
	32,701,462	61,780,843	58,675,987	57,906,512	57,163,462	56,531,059
	(27,637,893)	(2,430,690)	578,533	(5,197,596)	32,512,359	16,236,101
	<u>\$ 300,111,164</u>	<u>\$ 343,583,703</u>	<u>\$ 347,275,269</u>	<u>\$ 337,593,927</u>	<u>\$ 326,371,856</u>	<u>\$ 309,882,413</u>

(1) The Authority adopted GASB Statement 75 during fiscal year 2018 resulting in an adjustment to net position for fiscal year 2017 only. The Authority adopted GASB Statements 68 and 71 during fiscal year 2015 resulting in a prior period adjustment reported on the face of the audited financial statements and notes for fiscal year ended September 30, 2014 only. GASB Statements 63 and 65 were adopted during fiscal year 2013 resulting in an adjustment to net position for fiscal year 2012. A reclassification of unrestricted net position and net investment in capital assets for fiscal year 2013 resulted in revised financial statements that did not impact the statements of revenues, expenses and changes in net position, the statements of cash flows, or the total net position for the year ended September 30, 2013.

Source: ASPA audited financial statements

**ALABAMA STATE PORT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Last Ten Fiscal Years Ended September 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Operating Revenues:</b>				
McDuffie Coal Terminal	\$ 65,486,584	\$ 62,937,763	\$ 75,109,290	\$ 61,262,253
General Cargo / Intermodal	38,275,968	35,245,780	40,785,389	36,459,347
Bulk handling and warehouses	---	---	---	---
Terminal railway	22,514,468	22,269,758	22,424,632	18,855,553
Real Estate	15,543,240	10,655,648	10,988,312	9,488,314
Marine liquid bulk terminal	3,761,245	3,368,812	3,585,615	3,482,034
Other	6,074,366	5,344,408	5,556,243	5,388,475
Total operating revenues	<u>151,655,871</u>	<u>139,822,169</u>	<u>158,449,481</u>	<u>134,935,976</u>
<b>Operating Expenses:</b>				
Operation and maintenance of facilities	70,212,798	79,276,076	84,985,433	69,465,399
Depreciation and amortization	36,462,796	32,931,355	31,674,429	32,612,978
General and administrative	15,001,932	17,284,309	17,185,185	16,337,276
Impairment loss on capital assets	---	1,418,907	---	---
Total operating expenses	<u>121,677,526</u>	<u>130,910,647</u>	<u>133,845,047</u>	<u>118,415,653</u>
Operating income / (loss)	<u>29,978,345</u>	<u>8,911,522</u>	<u>24,604,434</u>	<u>16,520,323</u>
<b>Nonoperating income (expense):</b>				
Investment income	52,402	543,848	1,951,691	1,050,225
Change in fair value of interest rate swap	171,445	590,117	541,000	1,566,487
Interest expense	(13,957,137)	(14,504,951)	(15,001,065)	(14,710,494)
Interest rate swap expense	(423,113)	(738,460)	(864,081)	(1,246,845)
Non-capital contributions	16,500,000	6,600,000	---	---
Non-capital port development expense	---	---	---	---
Gain (loss) on disposal of capital assets	(16,500,000)	(6,600,000)	---	---
Insurance recoveries	693,370	6,530,936	(3,839,182)	---
Other, net	1,393,625	---	---	---
	(1,558,595)	(582,210)	1,057,296	1,493,887
Net nonoperating expenses	<u>(13,628,003)</u>	<u>(8,160,720)</u>	<u>(16,154,341)</u>	<u>(11,846,740)</u>
Income before capital grants and contributions	16,350,342	750,802	8,450,093	4,673,583
Capital grants and contributions	17,925,757	23,902,436	---	---
Increase / (Decrease) in net position	34,276,099	24,653,238	8,450,093	4,673,583
Net position				
Beginning of year	337,888,078	313,234,840	304,784,747	300,111,164
Asset adjustment	---	---	---	---
Cumulative Effect of:				
New GASB pronouncements <sup>(1)</sup>	---	---	---	---
End of year	<u>\$ 372,164,177</u>	<u>\$ 337,888,078</u>	<u>\$ 313,234,840</u>	<u>\$ 304,784,747</u>

(1) The implementation of GASB Statements No. 63, 65, 68, 71, and 75 resulted in adjustments to net position.

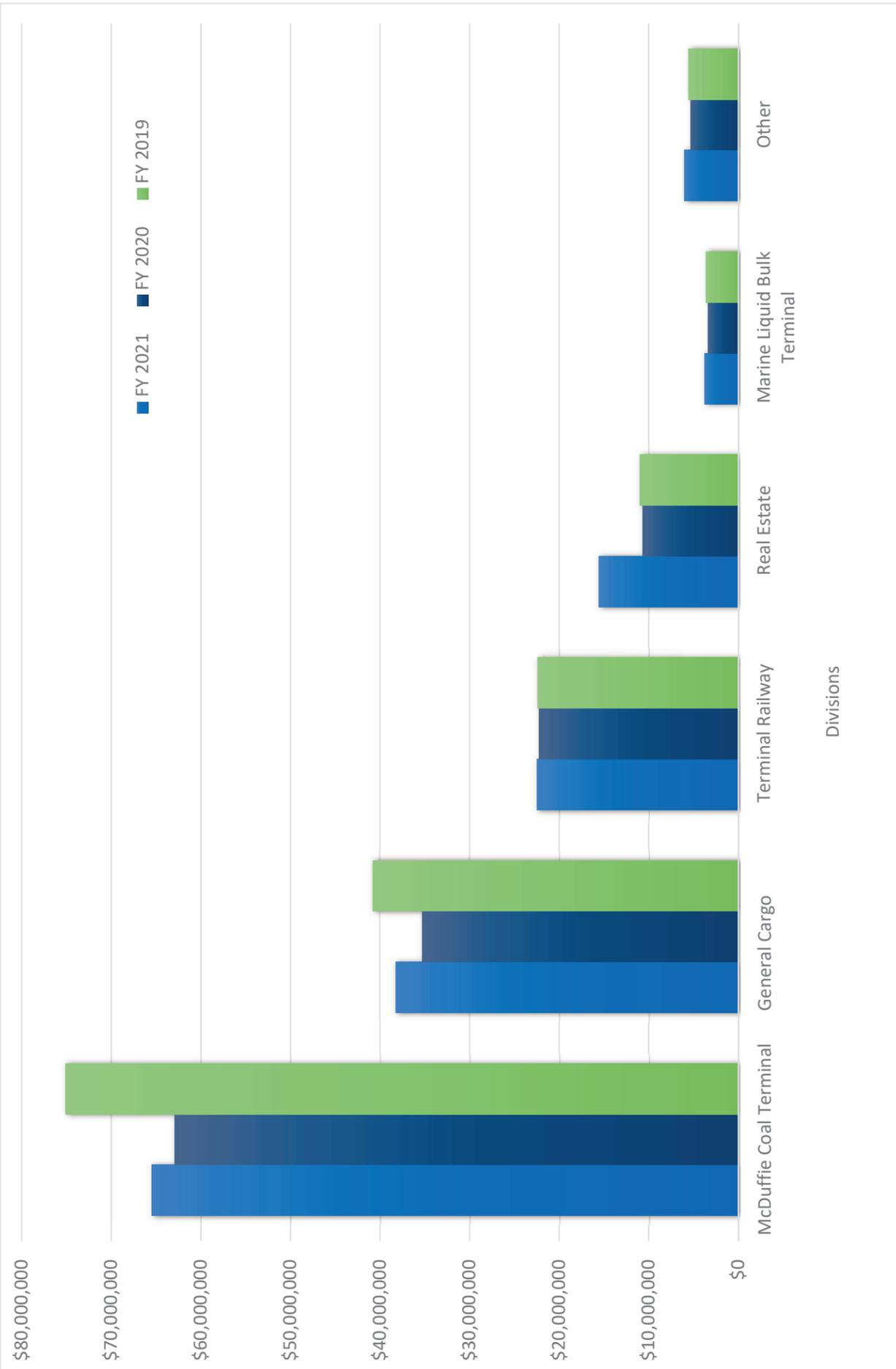
Source: ASPA audited financial statements

**ALABAMA STATE PORT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (cont.)**  
For the Last Ten Fiscal Years Ended September 30

	<u>Revised 2017</u>	<u>2016</u>	<u>2015</u>	<u>Revised 2014</u>	<u>Revised 2013</u>	<u>Revised 2012</u>
<b>Operating Revenues:</b>						
McDuffie Coal Terminal	\$ 55,891,205	\$ 48,937,665	\$ 70,601,662	\$ 78,287,865	\$ 71,377,918	\$ 67,837,435
General Cargo / Intermodal	35,385,911	36,361,920	33,810,695	35,901,440	29,711,608	34,181,940
Bulk handling and warehouses	---	278,561	1,955,696	7,927,270	7,552,158	6,417,274
Terminal railway	16,384,951	19,267,877	22,097,399	23,742,475	23,723,067	21,598,216
Real Estate	9,326,460	8,153,523	7,199,229	8,178,456	6,992,472	5,947,839
Marine liquid bulk terminal	3,391,421	3,464,329	3,505,708	3,486,807	3,278,326	3,667,217
Other	5,492,352	5,701,377	5,715,870	4,794,412	4,872,136	5,035,799
Total operating revenues	<u>125,872,300</u>	<u>122,165,252</u>	<u>144,886,259</u>	<u>162,318,725</u>	<u>147,507,685</u>	<u>144,685,720</u>
<b>Operating Expenses:</b>						
Operation and maintenance of facilities	60,013,878	59,096,173	71,757,336	76,381,573	70,294,763	66,441,996
Depreciation and amortization	32,591,079	32,659,787	30,983,663	29,812,318	29,785,803	29,833,686
General and administrative	16,973,397	17,382,779	18,048,410	17,515,806	17,030,895	16,666,559
Impairment loss on capital assets	---	---	---	---	---	---
Total operating expenses	<u>109,578,354</u>	<u>109,138,739</u>	<u>120,789,409</u>	<u>123,709,697</u>	<u>117,111,461</u>	<u>112,942,241</u>
Operating income / (loss)	<u>16,293,946</u>	<u>13,026,513</u>	<u>24,096,850</u>	<u>38,609,028</u>	<u>30,396,224</u>	<u>31,743,479</u>
<b>Nonoperating income (expense):</b>						
Investment income	2,271,441	844,119	820,700	816,489	968,889	1,138,118
Change in fair value of interest rate swap	2,121,935	1,711,454	1,228,575	2,329,879	3,911,540	925,484
Interest expense	(16,836,087)	(16,732,470)	(16,955,157)	(17,062,636)	(17,349,514)	(17,778,392)
Interest rate swap expense	(1,723,864)	(2,166,347)	(2,544,475)	(2,847,619)	(3,113,594)	(3,105,342)
Non-capital contributions	---	---	---	---	---	---
Non-capital port development expense	---	---	---	---	---	---
Gain (loss) on disposal of capital assets	---	---	---	---	---	---
Insurance recoveries	---	---	---	---	---	---
Other, net	---	---	---	---	---	---
	(969,891)	(5,793,896)	(1,161,037)	2,834,111	(122,672)	3,065,933
Net nonoperating expenses	<u>(15,136,466)</u>	<u>(22,137,140)</u>	<u>(18,611,394)</u>	<u>(13,929,776)</u>	<u>(15,705,351)</u>	<u>(15,754,199)</u>
Income before capital grants and contributions	1,157,480	(9,110,627)	5,485,456	24,679,252	14,690,873	15,989,280
Capital grants and contributions	---	5,419,061	4,195,886	13,462,295	1,798,570	2,080,338
Increase / (Decrease) in net position	1,157,480	(3,691,566)	9,681,342	38,141,547	16,489,443	18,069,618
Net position						
Beginning of year	343,583,703	347,275,269	337,593,927	326,371,856	309,882,413	287,564,138
Asset adjustment	---	---	---	---	---	9,292,872
Cumulative Effect of:						
New GASB pronouncements <sup>(1)</sup>	(44,630,019)	---	---	(26,919,476)	---	(5,044,215)
End of year	<u>\$ 300,111,164</u>	<u>\$ 343,583,703</u>	<u>\$ 347,275,269</u>	<u>\$ 337,593,927</u>	<u>\$ 326,371,856</u>	<u>\$ 309,882,413</u>

**ALABAMA STATE PORT AUTHORITY  
CHART OF OPERATING REVENUES BY DIVISION  
For the Last Three Fiscal Years Ended September 30**

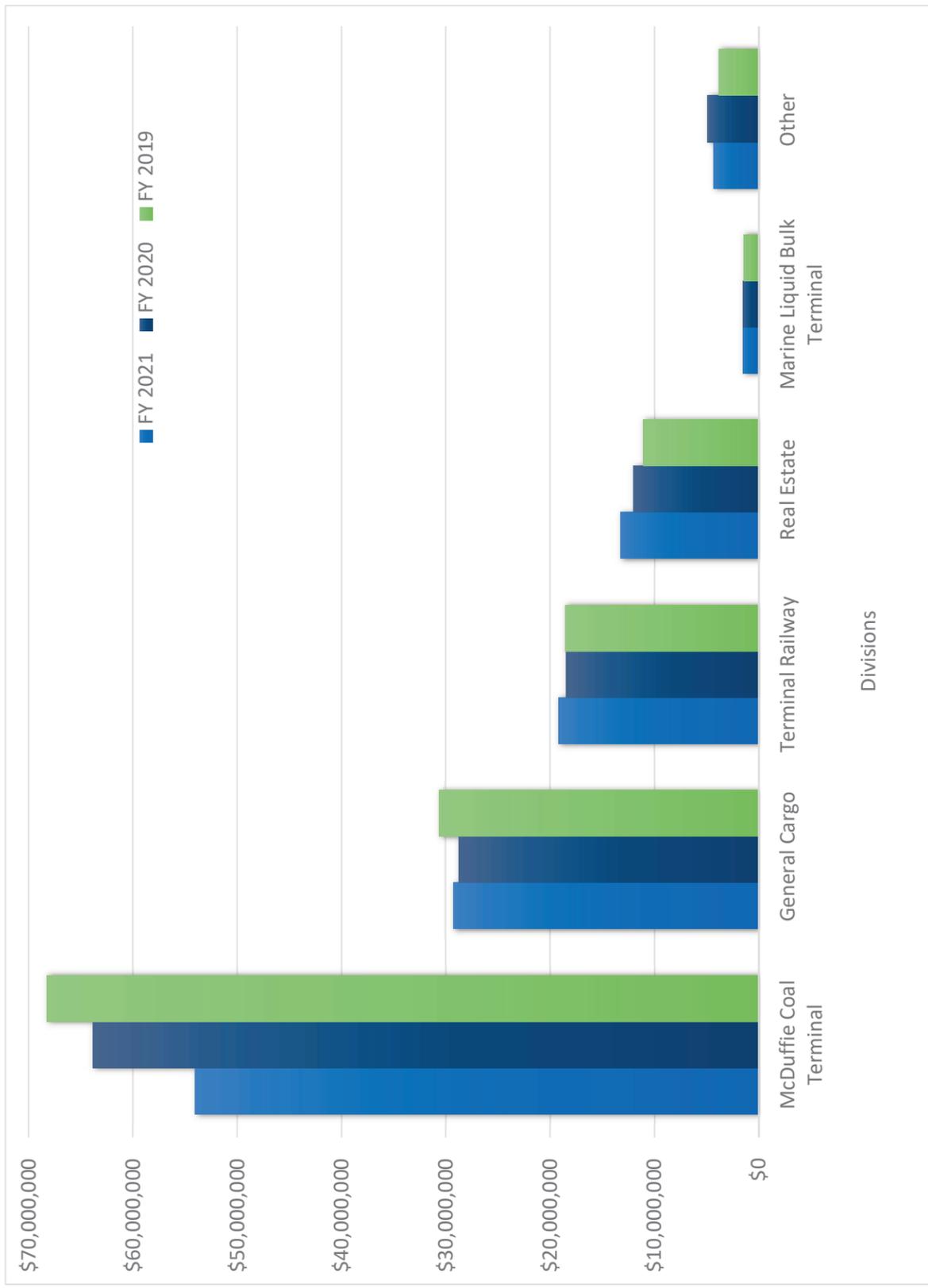
Exhibit 3



Source: ASPA records and audited financial statements

**ALABAMA STATE PORT AUTHORITY  
CHART OF OPERATING EXPENSES BY DIVISION  
For the Last Three Fiscal Years Ended September 30**

Exhibit 4



Source: ASPA records

**ALABAMA STATE PORT AUTHORITY  
OPERATING REVENUE BY PRINCIPAL SOURCE  
For the Last Ten Fiscal Years Ended September 30**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Operating Revenues:</b>										
Dockage	\$ 22,208,741	\$ 17,059,937	\$ 20,797,624	\$ 17,548,633	\$ 18,162,484	\$ 20,702,536	\$ 23,395,426	\$ 25,560,140	\$ 21,945,642	\$ 19,732,412
Special Processing Charges	\$ 20,453,746	\$ 18,702,674	\$ 22,058,007	\$ 17,377,804	\$ 14,527,983	\$ 11,079,954	\$ 19,588,973	\$ 23,678,689	\$ 18,404,323	\$ 13,118,852
Tippling	\$ 18,809,965	\$ 20,490,061	\$ 27,720,978	\$ 24,160,175	\$ 20,598,332	\$ 17,504,990	\$ 25,959,527	\$ 28,882,970	\$ 24,933,340	\$ 25,141,646
Wharfage	\$ 18,569,371	\$ 16,705,587	\$ 18,308,138	\$ 17,520,640	\$ 16,339,092	\$ 14,988,869	\$ 16,758,677	\$ 18,043,444	\$ 18,340,461	\$ 18,567,367
Railcar Switching	\$ 15,903,446	\$ 16,205,855	\$ 15,939,427	\$ 13,686,144	\$ 12,666,330	\$ 13,706,012	\$ 16,265,968	\$ 17,697,177	\$ 17,040,938	\$ 15,554,839
Receiving and Handling	\$ 14,660,397	\$ 13,877,443	\$ 15,864,677	\$ 15,243,367	\$ 16,086,218	\$ 15,102,508	\$ 14,756,903	\$ 16,333,106	\$ 12,702,649	\$ 14,240,827
Rent of Land and Buildings	\$ 7,900,356	\$ 6,099,818	\$ 6,340,419	\$ 5,579,202	\$ 5,139,157	\$ 4,933,777	\$ 4,791,449	\$ 4,574,690	\$ 4,423,072	\$ 1,027,985
Capital Fees	\$ 5,104,748	\$ 1,799,140	\$ 1,858,654	\$ 2,090,769	\$ 1,088,151	\$ 2,390,222	\$ 3,285,485	\$ 4,252,267	\$ 5,513,089	\$ 8,402,385
Energy Port Funds	\$ 4,950,000	\$ 5,937,065	\$ 6,644,129	\$ 2,787,252	\$ 1,263,553	\$ -	\$ -	\$ -	\$ -	\$ -
Storage	\$ 4,185,361	\$ 5,969,147	\$ 4,356,083	\$ 3,387,916	\$ 3,204,740	\$ 3,581,781	\$ 4,016,283	\$ 3,309,444	\$ 4,313,915	\$ 5,917,856
Security Assessment Fees	\$ 4,133,999	\$ 3,660,152	\$ 4,356,502	\$ 3,857,980	\$ 3,645,412	\$ 3,328,735	\$ 3,561,860	\$ 3,802,995	\$ 3,071,372	\$ 2,853,926
Miscellaneous Revenue	\$ 2,931,472	\$ 1,851,789	\$ 2,133,665	\$ 2,031,683	\$ 3,778,563	\$ 3,677,151	\$ 2,027,098	\$ 2,498,675	\$ 3,313,895	\$ 3,481,237
Entrance Fees	\$ 2,214,205	\$ 2,120,204	\$ 2,291,001	\$ 2,254,014	\$ 2,151,548	\$ 1,972,904	\$ 1,879,254	\$ 1,738,948	\$ 1,506,951	\$ 1,623,846
Docks and Barge Cleaning	\$ 1,580,587	\$ 1,532,786	\$ 2,004,478	\$ 1,654,211	\$ 1,747,795	\$ 1,238,812	\$ 1,590,651	\$ 1,937,818	\$ 1,444,210	\$ 1,702,181
Special Services	\$ 1,449,910	\$ 1,528,379	\$ 1,479,247	\$ 505,859	\$ 636,915	\$ 560,727	\$ 1,053,009	\$ 1,540,691	\$ 1,099,591	\$ 1,329,203

Source: ASPA records

**ALABAMA STATE PORT AUTHORITY  
PRINCIPAL CUSTOMERS PER LARGEST REVENUE SOURCES  
For the Fiscal Years Ended September 30, 2021 and 2012**

**Dockage**

Income earned from charges assessed against a vessel for berthing at a wharf, pier, bulkhead structure, or bank or for mooring to a vessel so berthed.

	2021	2012
<b>Customers</b>		
Host Agency, LLC		
Seacliff Agency, LLC		
Blue Water Shipping Co.		
Page & Jones, Inc		
Norton Lilly International		

	2012
<b>Customers</b>	
Seacliff Agency, LLC	
Page & Jones, Inc	
Aztec Maritime Services	
LBH USA d/b/a Celtic Int'l Shipping	
Norton Lilly International	

**Special Processing Revenue**

Income earned from the movement of commodities within the Port before movement to another vessel or barge.

	2021	2012
<b>Customers</b>		
Warrior Met Coal, LLC		
Javelin Global Commodities (UK) Ltd.		
Xcoal Energy & Resources		
Peabody Coal Sales, LLC		

	2012
<b>Customers</b>	
Jim Walter Resources	
Drummond Coal Sales Inc.	
J. Aron & Company LLC	
Cliffs North America Coal LLC	

**Tippling**

Income earned from unloading coal from railcars.

	2021	2012
<b>Customers</b>		
Warrior Met Coal, LLC		
Javelin Global Commodities (UK) Ltd		
Drummond Coal Sales Inc.		
XCoal Energy & Resources		
Peabody Coal Sales, LLC		

	2012
<b>Customers</b>	
Jim Walter Resources	
Drummond Coal Sales, Inc	
Southern Company Services (MP)	
Southern Company Services (GP)	
J.Aron & Company	

Note: Because many of the above customers use the Authority's facilities based upon a signed contract, disclosing the dollar amount paid by the above customers or disclosing a percentage of the total revenue base by customer could disclose privileged information.

Source: ASPA records

**ALABAMA STATE PORT AUTHORITY**  
**TOP REVENUE RATES**  
**For the Last Ten Fiscal Years Ended September 30**

	2021	2020	2019	2018
<b>DOCKAGE:</b>				
<i>Bulk Facility (per GRT per 24 hours)</i>	\$ 0.46	\$ 0.44	\$ 0.42	\$ 0.41
<i>General Cargo Vessels</i>				
0 - 199.9Ft (per foot per 24 hours)	\$ 3.28	\$ 3.12	\$ 3.03	\$ 2.94
200 - 399.9Ft (per foot per 24 hours)	\$ 4.31	\$ 4.10	\$ 3.98	\$ 3.86
400 - 499.9Ft (per foot per 24 hours)	\$ 5.86	\$ 5.58	\$ 5.41	\$ 5.26
500 - 599.9Ft (per foot per 24 hours)	\$ 7.86	\$ 7.49	\$ 7.27	\$ 7.06
600 - 699.9Ft (per foot per 24 hours)	\$ 9.12	\$ 8.69	\$ 8.44	\$ 8.19
700 - 799.9Ft (per foot per 24 hours)	\$ 11.58	\$ 11.03	\$ 10.71	\$ 10.40
800 - 899.9Ft (per foot per 24 hours)	\$ 13.95	\$ 13.29	\$ 12.90	\$ 12.53
900Ft - Above (per foot per 24 hours)	\$ 16.68	\$ 15.89	\$ 15.43	\$ 14.98
<b>TIPPLING:</b>				
Coal (per short ton)	\$ 1.63	\$ 1.59	\$ 1.69	\$ 1.76
Coal Special Processing (per short ton)	\$ 1.68	\$ 1.47	\$ 1.40	\$ 1.26
<b>WHARFAGE:</b>				
<i>Bulk Facility (per short ton)</i>	\$ 0.26	\$ 0.26	\$ 0.27	\$ 0.28
<i>General Cargo</i>				
Aluminum (per short ton)	\$ 2.52	\$ 2.40	\$ 2.40	\$ 2.33
Containers (per short ton)	\$ 3.57	\$ 3.40	\$ 3.40	\$ 3.30
Demurrage (per short ton)	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Forest Products (per short ton per day)	\$ 3.47	\$ 3.30	\$ 3.30	\$ 3.20
Lumber (per board foot)	\$ 0.42	\$ 0.40	\$ 0.40	\$ 0.39
Paper (per short ton)	\$ 3.57	\$ 3.30	\$ 3.30	\$ 3.20
Steel (per short ton)	\$ 3.66	\$ 3.49	\$ 3.40	\$ 3.30
<b>RAILROAD:</b>				
<i>Switching</i>				
Coal (per car)	\$ 60.75	\$ 63.09	\$ 63.33	\$ 54.52
General (per car)	\$ 340.92	\$ 334.80	\$ 330.41	\$ 310.02
Grain (per car)	\$ 107.35	\$ 107.19	\$ 107.19	\$ 107.19

GRT = gross registered tons

Source: ASPA records, central billing, bulk facilities, harbormaster, and railroad departments

**ALABAMA STATE PORT AUTHORITY**  
**TOP REVENUE RATES (cont.)**  
**For the Last Ten Fiscal Years Ended September 30**

	2017	2016	2015	2014	2013	2012
\$ 0.40	\$ 0.40	\$ 0.36	\$ 0.36	\$ 0.35	\$ 0.34	
\$ 2.77	\$ 2.77	\$ 2.69	\$ 2.62	\$ 2.54	\$ 2.46	
\$ 3.64	\$ 3.64	\$ 3.53	\$ 3.43	\$ 3.33	\$ 3.23	
\$ 4.95	\$ 4.95	\$ 4.81	\$ 4.67	\$ 4.53	\$ 4.40	
\$ 6.65	\$ 6.65	\$ 6.46	\$ 6.27	\$ 6.09	\$ 5.91	
\$ 7.72	\$ 7.72	\$ 7.50	\$ 7.28	\$ 7.07	\$ 6.86	
\$ 9.80	\$ 9.80	\$ 9.52	\$ 9.25	\$ 8.98	\$ 8.71	
\$ 11.81	\$ 11.81	\$ 11.46	\$ 11.13	\$ 10.81	\$ 10.50	
\$ 14.12	\$ 14.12	\$ 13.71	\$ 13.31	\$ 12.92	\$ 12.55	
\$ 1.70	\$ 1.78	\$ 1.76	\$ 1.74	\$ 1.70	\$ 1.73	
\$ 1.22	\$ 1.05	\$ 1.31	\$ 1.27	\$ 1.25	\$ 0.93	
\$ 0.26	\$ 0.26	\$ 0.27	\$ 0.27	\$ 0.36	\$ 0.35	
\$ 2.20	\$ 2.20	\$ 2.14	\$ 2.14	\$ 2.08	\$ 2.02	
\$ 3.20	\$ 3.20	\$ 3.11	\$ 3.11	\$ 3.02	\$ 2.93	
\$ 0.25	\$ 0.25	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	
\$ 3.11	\$ 3.11	\$ 3.02	\$ 3.02	\$ 3.02	\$ 2.93	
\$ 0.38	\$ 0.38	\$ 0.37	\$ 0.37	\$ 0.49	\$ 0.48	
\$ 3.11	\$ 3.11	\$ 3.11	\$ 3.11	\$ 3.02	\$ 2.93	
\$ 5.06	\$ 3.20	\$ 3.11	\$ 3.11	\$ 3.02	\$ 2.93	
\$ 50.59	\$ 66.04	\$ 71.06	\$ 78.10	\$ 74.69	\$ 70.64	
\$ 276.19	\$ 314.67	\$ 301.88	\$ 289.58	\$ 282.99	\$ 278.34	
\$ 104.07	\$ 104.07	\$ 101.04	\$ 86.59	\$ 93.24	\$ 89.73	

**ALABAMA STATE PORT AUTHORITY  
OUTSTANDING REVENUE BONDS  
For the Last Ten Fiscal Years Ended September 30**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Docks Facilities Revenue Refunding Bonds</b>										
Series 2017A	\$ 121,995,000	\$ 121,995,000	\$ 121,995,000	\$ 121,995,000	\$ 123,770,000	---	---	---	---	---
Series 2017B	---	\$ 4,280,000	\$ 8,305,000	\$ 12,100,000	\$ 12,100,000	---	---	---	---	---
Series 2017C	\$ 6,130,000	\$ 6,130,000	\$ 6,130,000	\$ 6,130,000	\$ 6,130,000	---	---	---	---	---
Series 2017D	\$ 128,975,000	\$ 130,095,000	\$ 131,190,000	\$ 132,270,000	\$ 132,990,000	---	---	---	---	---
Series 2008A	\$ 8,040,000	\$ 15,700,000	\$ 23,005,000	\$ 29,955,000	\$ 36,575,000	\$ 42,880,000	\$ 48,875,000	\$ 54,580,000	\$ 60,005,000	\$ 60,285,000
<b>Docks Facilities Revenue Bonds</b>										
Series 2020	\$ 46,986,000	\$ 46,986,000	---	---	---	---	---	---	---	---
Series 2018	---	---	\$ 50,000,000	\$ 50,000,000	---	---	---	---	---	---
Series 2010	---	---	---	---	---	\$ 106,045,000	\$ 106,045,000	\$ 106,045,000	\$ 106,045,000	\$ 106,045,000
Series 2006A	---	---	---	---	---	\$ 131,355,000	\$ 131,355,000	\$ 134,895,000	\$ 138,240,000	\$ 142,065,000
Series 2006B	---	---	---	---	---	\$ 42,195,000	\$ 45,955,000	\$ 45,955,000	\$ 45,955,000	\$ 50,140,000
Series 2006D	---	---	---	---	---	\$ 21,600,000	\$ 21,600,000	\$ 21,600,000	\$ 21,600,000	\$ 21,600,000
	\$ 312,126,000	\$ 325,186,000	\$ 340,625,000	\$ 352,450,000	\$ 311,565,000	\$ 344,075,000	\$ 353,830,000	\$ 363,075,000	\$ 371,845,000	\$ 380,135,000
<b>Plus: Unamortized premium, net</b>										
	\$ 11,660,222	\$ 12,490,527	\$ 13,604,640	\$ 14,718,753	\$ 15,835,923	\$ 535,153	\$ 577,741	\$ 620,329	\$ 662,917	\$ 705,434
<b>Less: Current Portion</b>										
	\$ (14,936,771)	\$ (13,060,000)	\$ (12,425,000)	\$ (11,825,000)	\$ (9,115,000)	\$ (10,295,000)	\$ (9,755,000)	\$ (9,245,000)	\$ (8,770,000)	\$ (8,290,000)
<b>Long-term debt, net</b>										
	\$ 308,849,451	\$ 324,616,527	\$ 341,804,640	\$ 355,343,753	\$ 318,285,923	\$ 334,315,153	\$ 344,652,741	\$ 354,450,329	\$ 363,737,917	\$ 372,550,434

See Exhibit 9 for debt service requirements of long-term revenue bonds and notes to the audited financial statements for further details of the ASPA's outstanding revenue bonds.

Source: ASPA records and audited financial statements

**ALABAMA STATE PORT AUTHORITY  
ANNUAL DEBT SERVICE REQUIREMENTS OF REVENUE BONDS  
For the Last Ten Fiscal Years Ended September 30**

Fiscal Year	Coal Severance Tax Revenue*	Oil & Gas Production Tax Revenue*	(A) Operating Revenues and Investment Income (cash basis)		(B) Docks Facilities Revenues	(C) Operating Expenses*	(D) Annual Debt Service Requirement	Minimum Requirement 150% (A) / (D)	Minimum Requirement 125% [(B) - (C)] / (D)	Minimum Requirement 100% (A) / [(C) + (D)]
			Operating Revenues	Investment Income						
2021	\$ 1,361,788	\$ 9,500,000	\$ 151,708,132	\$ 162,569,920	\$ 85,214,730	\$ 25,996,131	584%	298%	136%	
2020	\$ 1,511,568	\$ 9,500,000	\$ 140,421,442	\$ 151,433,010	\$ 97,979,292	\$ 26,083,229	538%	205%	113%	
2019	\$ 1,930,399	\$ 9,500,000	\$ 160,396,825	\$ 171,827,224	\$ 102,170,618	\$ 26,117,517	614%	267%	125%	
2018	\$ 1,728,228	\$ 9,500,000	\$ 135,958,029	\$ 147,186,257	\$ 85,802,675	\$ 23,617,459	576%	260%	124%	
2017	\$ 1,621,863	\$ 9,500,000	\$ 128,498,518	\$ 139,620,381	\$ 76,987,275	\$ 27,105,818	474%	231%	123%	
2016	\$ 1,269,110	\$ 9,500,000	\$ 123,008,475	\$ 133,777,585	\$ 76,478,952	\$ 25,909,370	475%	221%	120%	
2015	\$ 2,029,640	\$ 9,500,000	\$ 145,706,985	\$ 157,236,625	\$ 89,805,746	\$ 25,584,219	570%	264%	126%	
2014	\$ 2,263,318	\$ 9,500,000	\$ 163,137,370	\$ 174,900,688	\$ 93,897,379	\$ 25,340,335	644%	320%	137%	
2013	\$ 2,738,221	\$ 9,500,000	\$ 148,619,890	\$ 160,858,111	\$ 87,325,658	\$ 25,222,195	589%	292%	132%	
2012	\$ 2,177,021	\$ 9,500,000	\$ 145,824,082	\$ 157,501,103	\$ 83,108,555	\$ 25,243,236	578%	295%	135%	

\*Coal Severance and Oil & Gas Production Tax revenues are available to ASPA if needed. Operating Expenses exclude depreciation and amortization as defined by the Bond Order.

Notes:

On November 21, 2006, a Master Bond Order was adopted which provided for the issuance of the Alabama State Port Authority's Docks Facilities Revenue Bonds. Docks Facilities Revenue Bonds, Series 2006A, 2006B, and 2006C were issued on November 21, 2006 and refunded the Docks Facilities Revenue Bonds Series 1996, Series 1997, Series 1998, and Series 2001. The 2006 bonds and those issued subsequently were issued pursuant to the right retained in the Master Bond Order adopted on November 21, 2006. See the notes to the audited financial statements for further details of the ASPA's outstanding revenue bonds.

As a result of the requirements of the 2006 Master Bond Order, Docks Facilities Revenues (B) is the combination of operating revenue, coal severance tax revenue, oil & gas production revenue, and investment income (cash basis).

Source: ASPA records, contracts, and audited financial statements

**ALABAMA STATE PORT AUTHORITY  
LONG-TERM REVENUE BOND COVERAGE  
For the Last Ten Fiscal Years Ended September 30**

Fiscal Year	Gross Revenues*	Operating Expenses*	Net Revenue Available for Debt Service	Debt Service Requirements**	Times Coverage^
2021	\$ 150,149,678	\$ 85,214,730	\$ 64,934,948	\$ 25,996,131	2.50
2020	\$ 139,783,807	\$ 97,979,292	\$ 41,804,515	\$ 26,083,229	1.60
2019	\$ 161,458,468	\$ 102,170,618	\$ 59,287,850	\$ 26,117,517	2.27
2018	\$ 136,300,647	\$ 85,802,675	\$ 50,497,972	\$ 23,617,459	2.14
2017	\$ 126,975,727	\$ 76,987,275	\$ 49,988,452	\$ 27,105,818	1.84
2016	\$ 123,468,529	\$ 76,478,952	\$ 46,989,577	\$ 25,909,370	1.81
2015	\$ 146,052,426	\$ 89,805,746	\$ 56,246,680	\$ 25,584,219	2.20
2014	\$ 163,275,936	\$ 93,897,379	\$ 69,378,557	\$ 25,340,335	2.74
2013	\$ 148,643,183	\$ 87,325,658	\$ 61,317,525	\$ 25,222,195	2.43
2012	\$ 146,065,894	\$ 83,108,555	\$ 62,957,339	\$ 25,243,236	2.49

\* Gross revenues include operating revenues, investment income, and other income/(expense), net. Operating expenses exclude depreciation and amortization expense.

\*\* See Exhibit 9 for debt service requirements of long-term revenue bonds and notes to the audited financial statements for details of the ASPA's outstanding revenue bonds.

^ Ratio of Net Revenue Available for Debt Service to Debt Service Requirements indicates the number of times net revenue of a given fiscal year can cover the debt payments.

Source: ASPA records and audited financial statements

**ALABAMA STATE PORT AUTHORITY  
CHART OF REVENUE BOND COVERAGE  
For the Last Ten Fiscal Years Ended September 30**



Note: Indicates the number of times net revenue of a given fiscal year can cover the debt payments.  
Source: ASPA records

**ALABAMA STATE PORT AUTHORITY  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
For a Period of Ten Years**

**STATE OF ALABAMA**

Year	Population	Personal Income (millions of dollars)	Per Capita Personal Income (PCPI)	Median Age	Unemployment Rate
2021	5,039,877	*	*	*	3.4
2020	5,024,279	\$228,749	\$46,479	*	6.5
2019	4,903,185	\$215,930	\$43,996	39	3.2
2018	4,887,871	\$207,054	\$42,328	39	3.9
2017	4,874,747	\$199,336	\$40,864	39	4.5
2016	4,863,300	\$192,363	\$39,525	39	5.9
2015	4,858,979	\$189,115	\$38,954	39	6.1
2014	4,849,377	\$181,079	\$37,384	39	6.7
2013	4,833,722	\$175,185	\$36,258	38	7.3
2012	4,822,023	\$173,362	\$35,992	38	8.2

**MOBILE METROPOLITAN STATISTICAL AREA (MSA)**

Year	Population	Personal Income (millions of dollars)	Per Capita Personal Income (PCPI)	Median Age	Unemployment Rate
2021	*	*	*	*	4.6
2020	414,809	\$17,674	\$42,823	*	7.9
2019	428,039	\$16,542	\$40,003	39	3.7
2018	413,757	\$15,823	\$38,195	38	4.7
2017	413,955	\$15,351	\$37,061	38	5.4
2016	414,836	\$15,077	\$36,315	37	6.6
2015	415,395	\$14,990	\$36,151	38	6.9
2014	415,123	\$14,378	\$34,704	38	7.7
2013	414,079	\$14,083	\$34,014	37	8.7
2012	413,936	\$13,890	\$33,559	37	9.4

\*Statistics not yet available. The Census Bureau did not release its standard 2020 ACS 1-year estimates due to impacts of the COVID-19 pandemic on data collection.

**Note:** The latest statistics published for most U.S. cities, counties, or MSAs is 2020.

**Source:** U.S. Census Bureau for population and median age; Bureau of Economic Analysis for total personal income and PCPI; Bureau of Labor Statistics for unemployment rate.

**ALABAMA STATE PORT AUTHORITY  
PRINCIPAL EMPLOYERS IN THE MOBILE AREA  
For Years 2021 and 2012**

**2021**

Employer	Industry	No. of Employees	Percentage of Total Mobile Area Employment
Mobile County Public School System	Education	7,200	2.23%
University of South Alabama & USA Medical Facilities	Education & Medical	6,000	1.86%
Infirmiry Health System	Medical	5,400	1.68%
Austal USA	Shipbuilding	4,500	1.40%
Baldwin County Board of Education	Education	3,400	1.05%
City of Mobile	Government	2,000	0.62%
AltaPointe	Medical	1,700	0.53%
AM/NS Calvert	Medical	1,600	0.50%
Mobile County	Government	1,600	0.50%
Springhill Medical Center	Manufacturing	1,600	0.50%
<b>Total of Largest Employers</b>		<b>35,000</b>	<b>10.86%</b>

**Total Employed Labor Force \*** **322,380** **100%**

**2012**

Employer	Industry	No. of Employees	Percentage of Total Mobile Area Employment
Mobile County Public School System	Education	7,700	2.62%
Infirmiry Health System	Medical	5,300	1.81%
University of South Alabama & USA Medical Facilities	Education & Medical	5,300	1.81%
Wal-Mart	Retail	2,900	0.99%
Austal USA	Shipbuilding	2,500	0.85%
Providence Hospital	Medical	2,350	0.80%
City of Mobile	Government	2,200	0.75%
ThyssenKrupp Steel USA	Steel Mill	1,700	0.58%
Mobile County	Government	1,570	0.53%
ST Aerospace Mobile	Aerospace	1,300	0.44%
<b>Total of Largest Employers</b>		<b>32,820</b>	<b>11.18%</b>

**Total Employed Labor Force \*** **293,579** **100%**

Data includes civilian employment in Mobile, Baldwin, Washington, Choctaw, Clarke, Conecuh, Escambia, Monroe, and Wilcox Counties for the Southwest workforce development region as defined by the Department of Labor for the State of Alabama

**Note:** Statistics available only for reporting employers in Mobile area. Employers for 2012 are listed as originally stated nine years ago, and some employers' names may have changed due to mergers, acquisitions, or reorganizing.

**Source:** Mobile Area Chamber of Commerce; Alabama Labor Market Information System

**ALABAMA STATE PORT AUTHORITY  
EMPLOYEE BREAKDOWN BY ORGANIZATION AND TYPE  
For the Last Ten Years Ended September 30**

ORGANIZATION	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Operating</b>										
Bulk Materials Handling Plant	-	-	-	-	-	-	-	20	21	19
General Cargo	5	5	6	6	6	6	6	7	7	8
Central Billing	10	9	9	9	9	9	8	8	9	9
Container Yard	1	2	2	4	4	4	5	6	6	6
Housekeeping	9	12	13	12	10	12	15	15	16	16
Truck Control	3	3	3	3	3	3	3	3	3	3
Harbormaster	1	2	2	2	2	2	2	2	2	2
McDuffie Coal Terminal	180	195	211	198	175	167	208	214	209	223
Middle Bay Port	4	3	3	3	3	3	3	3	3	3
Pinto Island Terminal	25	24	24	24	23	22	25	24	21	21
Real Estate	2	2	2	2	2	2	1	2	2	2
Terminal Railroad										
Accounting	2	2	2	2	2	2	2	2	2	2
General Office	3	3	3	3	3	3	3	3	3	3
Maintenance of Equipment	16	16	16	16	16	18	19	19	19	19
Maintenance of Way	15	15	15	15	15	17	19	22	23	22
Transportation	62	63	64	60	64	67	73	77	79	81
<b>Non-Operating</b>										
Environmental	6	6	6	7	5	6	6	5	6	6
Engineering	7	9	10	10	9	8	10	11	10	9
Executive	4	6	5	3	3	4	4	3	3	3
Financial Services	11	13	13	14	16	18	18	18	20	19
Garage	10	10	11	11	11	12	12	12	12	12
Human Resources	6	7	7	6	6	6	8	7	7	6
Information Technologies	11	13	11	11	11	12	13	14	13	13
Maintenance	25	27	27	25	25	25	28	30	27	29
Commercial Development	4	3	4	4	5	7	7	6	6	7
Port Police	47	52	56	53	55	56	57	55	57	54
Internal & External Affairs	2	3	3	3	3	3	3	4	4	5
Safety	2	2	2	2	2	2	3	3	2	2
<b>TOTAL</b>	<b>473</b>	<b>507</b>	<b>530</b>	<b>508</b>	<b>488</b>	<b>496</b>	<b>561</b>	<b>595</b>	<b>592</b>	<b>604</b>

**ALABAMA STATE PORT AUTHORITY  
EMPLOYEE BREAKDOWN BY ORGANIZATION AND TYPE (cont.)  
For the Last Ten Years Ended September 30**

CLASSIFICATION	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating	338	356	375	359	337	337	392	427	425	439
Non-Operating	135	151	155	149	151	159	169	168	167	165
<b>TOTAL</b>	<b>473</b>	<b>507</b>	<b>530</b>	<b>508</b>	<b>488</b>	<b>496</b>	<b>561</b>	<b>595</b>	<b>592</b>	<b>604</b>

EMPLOYEE TYPE	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contract	1	2	3	4	1	2	2	2	4	4
Executive	7	10	7	7	7	8	8	8	8	8
Hourly	216	233	251	240	213	203	248	275	268	279
Merit	151	163	169	161	167	176	187	187	186	186
Terminal Railroad	98	99	100	96	100	107	116	123	126	127
<b>TOTAL</b>	<b>473</b>	<b>507</b>	<b>530</b>	<b>508</b>	<b>488</b>	<b>496</b>	<b>561</b>	<b>595</b>	<b>592</b>	<b>604</b>

<b>TOTAL EMPLOYED LABOR FORCE *</b>	322,380	311,770	322,250	315,820	308,775	304,130	301,470	295,904	294,457	293,579
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<b>ASPA EMPLOYEES AS A PERCENTAGE OF TOTAL EMPLOYED LABOR FORCE</b>	0.15%	0.16%	0.16%	0.16%	0.16%	0.16%	0.19%	0.20%	0.20%	0.21%
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\* Data includes civilian employment in Mobile, Baldwin, Washington, Choctaw, Clarke, Conecuh, Escambia, Monroe, and Wilcox Counties for the Southwest workforce development region as defined by the Department of Labor for the State of Alabama.

Source: Alabama Labor Market Information System; ASPA human resources department

**ALABAMA STATE PORT AUTHORITY  
FREIGHT TRAFFIC STATISTICS  
For the Last Ten Years Ended December 31**

	2021	2020	2019	2018
<b>PORT TONS (short tons)</b>				
General Cargo & Intermodal	7,630,113	6,292,463	7,724,547	7,467,001
McDuffie Coal & Bulk Handling	10,650,911	12,460,052	15,110,675	14,855,159
Total ASPA Facilities	18,281,024	18,752,515	22,835,222	22,322,160
Industry (ASPA)	1,702,879	1,595,401	1,135,168	1,394,281
General Port	17,223,690	8,910,362	9,858,460	9,331,620
<b>TOTAL</b>	<b>37,207,593</b>	<b>29,258,278</b>	<b>33,828,850</b>	<b>33,048,061</b>
<b>FOREIGN TRADE FOR MOBILE, AL (short tons)</b>				
Exports	**	16,552,479	16,946,483	16,314,859
Imports	**	17,859,999	20,249,856	16,170,960
<b>TOTAL</b>	<b>**</b>	<b>34,412,478</b>	<b>37,196,339</b>	<b>32,485,819</b>
<b>REVENUE PER TON (U.S. Dollars)</b>				
Operating Revenue	\$151,655,871	\$139,822,169	\$158,449,481	\$134,935,976
ASPA & Industry Tonnage	19,983,903	20,347,916	23,970,390	23,716,441
<b>REVENUE PER TON</b>	<b>\$7.59</b>	<b>\$6.87</b>	<b>\$6.61</b>	<b>\$5.69</b>

**ALABAMA STATE PORT AUTHORITY  
FREIGHT TRAFFIC STATISTICS (cont.)  
For the Last Ten Years Ended December 31**

	2017	2016	2015	2014	2013	2012
General Cargo & Intermodal	7,817,931	6,915,938	6,503,004	7,321,982	6,173,734	5,875,895
McDuffie Coal & Bulk Handling	11,522,576	10,404,484	13,406,058	18,020,637	17,046,154	16,404,063
Total ASPA Facilities	19,340,507	17,320,422	19,909,062	25,342,619	23,219,888	22,279,958
Industry (ASPA)	1,505,784	2,001,866	2,865,212	3,528,403	3,337,974	3,297,197
General Port	11,945,577	14,119,214	16,437,246	15,257,160	11,475,353	13,096,689
<b>TOTAL</b>	<b>32,791,868</b>	<b>33,441,502</b>	<b>39,211,520</b>	<b>44,128,182</b>	<b>38,033,215</b>	<b>38,673,844</b>
Exports	15,727,509	14,019,569	16,141,395	18,518,420	18,178,382	16,511,605
Imports	19,834,242	21,199,530	19,764,023	18,308,123	12,493,015	13,308,382
<b>TOTAL</b>	<b>35,561,751</b>	<b>35,219,099</b>	<b>35,905,418</b>	<b>36,826,543</b>	<b>30,671,397</b>	<b>29,819,987</b>
Operating Revenue	\$125,872,300	\$122,165,252	\$144,886,259	\$162,318,725	\$147,507,685	\$144,685,720
ASPA & Industry Tonnage	20,846,291	19,322,288	22,774,274	28,871,022	26,557,862	25,577,155
<b>REVENUE PER TON</b>	<b>\$6.04</b>	<b>\$6.32</b>	<b>\$6.36</b>	<b>\$5.62</b>	<b>\$5.55</b>	<b>\$5.66</b>

**Note:** Industry tonnage statistics include other non-major divisions and departments of the ASPA. General Port tonnage statistics include all freight accounted for in the Mobile River and Port of Mobile by privately owned terminals outside of the ASPA.

\*\* Statistics not published

**Source:** ASPA audited financial statements; ASPA general cargo department; U.S. Army Corps of Engineers Institute for Water Resources

**ALABAMA STATE PORT AUTHORITY  
DETAIL OF PORT FREIGHT TRAFFIC STATISTICS  
For the Last Ten Years Ended December 31**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>GENERAL CARGO</b>										
<b>COMMODITIES BY DIVISION</b> (short tons)										
BAGS NOS	96,647	80,445	98,354	85,539	67,269	84,962	64,907	29,619	32,658	43,542
BULK LIQUID	---	---	14,302	---	---	12,608	---	---	8,709	3,269
CONTAINER (TONS)	9,518	2,979	3,175	3,457	6,621	6,216	6,089	7,924	13,278	12,003
CROSS TIES & POLES	7,699	10,893	14,185	15,094	21,921	13,746	11,261	7,593	15,964	22,221
DRY BULK	---	4,777	16,780	5,009	5,124	---	---	---	105,361	103,678
FROZEN CHICKEN OR FOOD	103,330	69,125	82,539	75,615	91,913	132,832	111,781	107,516	124,975	68,899
IRON & STEEL	4,961,808	3,940,163	5,338,904	4,991,857	5,448,786	4,549,020	4,494,816	5,149,543	3,967,933	3,880,385
LINERBOARD & PAPER	146,544	124,013	113,827	118,487	111,529	158,351	146,657	122,796	169,888	149,315
LUMBER	365,408	201,889	242,981	284,387	277,756	257,365	234,387	187,063	202,243	209,580
MANUFACTURER & MISC.	66,936	43,453	56,474	40,322	65,550	54,562	18,072	4,813	2,001	8,704
METAL & ALLOYS	24,199	58,722	53,160	111,960	147,494	86,307	72,450	48,196	65,966	29,216
OTHER	159	277	425	1,381	2,023	734	460	802	285	889
PIG IRON	1,036,329	926,316	959,970	968,280	720,349	754,469	559,314	719,574	474,270	369,683
PLYWOOD & VENEER	20,723	15,786	25,309	30,930	25,535	26,605	28,127	19,923	23,647	139,408
RUBBER & RUBBER PROD.	---	---	---	170	84	1	226	8	---	---
WOOD PULP	790,813	814,025	704,162	734,513	825,977	778,160	754,457	916,612	966,556	835,103
<b>GENERAL CARGO TOTAL</b>	7,630,113	6,292,463	7,724,547	7,467,001	7,817,931	6,915,938	6,503,004	7,321,982	6,173,734	5,875,895
<b>McDUFFIE &amp; BULK MATERIAL HANDLING PLANT</b>										
COAL	10,650,911	12,460,052	15,110,675	14,855,159	11,513,753	10,404,484	13,320,186	18,020,637	17,009,997	16,274,619
COKE	---	---	---	---	---	---	85,872	---	---	96,989
IRON ORE	---	---	---	---	8,823	---	---	---	---	36,157
McDUFFIE & BULK MATERIAL HANDLING PLANT TOTAL	10,650,911	12,460,052	15,110,675	14,855,159	11,522,576	10,404,484	13,406,058	18,020,637	17,046,154	16,404,063
<b>TOTAL ASPA FACILITIES</b>	<b>18,281,024</b>	<b>18,752,515</b>	<b>22,835,222</b>	<b>22,322,160</b>	<b>19,340,507</b>	<b>17,320,422</b>	<b>19,909,062</b>	<b>25,342,619</b>	<b>23,219,888</b>	<b>22,279,958</b>

Source: ASPA general cargo department

**ALABAMA STATE PORT AUTHORITY  
DETAIL OF PORT FREIGHT TRAFFIC STATISTICS (cont.)  
For the Last Ten Years Ended December 31**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>STATE PORT AUTHORITY</b>										
CONTAINERS (TEUs)	528,490	434,405	420,020	354,911	332,649	275,328	229,227	237,483	235,071	215,113
<b>COMMODITIES BY DIVISION</b> (short tons)										
AGRI/PRODUCTS	568,672	793,626	273,474	422,631	689,196	977,058	754,547	1,108,679	1,209,010	837,030
CEMENT	173,893	100,000	63,618	100,000	---	26,199	64,355	---	---	---
CHEMICALS	960,314	701,775	798,076	871,650	816,588	998,609	797,180	940,024	721,064	1,112,816
<b>INDUSTRY TOTAL</b>	1,702,879	1,595,401	1,135,168	1,394,281	1,505,784	2,001,866	1,616,082	2,048,703	1,930,074	1,949,846
<b>GENERAL PORT TONNAGE</b>										
AGGREGATE	---	20,805	22,250	5,976	---	35,300	123,048	80,000	38,835	31,996
ASPHALT	38,000	141,850	187,300	124,950	232,575	184,050	288,862	302,765	209,100	278,400
CHEMICALS	257,825	163,626	86,391	103,833	113,730	205,661	379,914	154,920	157,598	116,112
CLINKER/CEMENT	102,514	12,300	250,897	5,498	157,330	404,951	892,489	972,535	499,414	393,865
COAL/COKE	1,592,374	1,754,036	1,977,024	1,468,435	1,506,346	2,232,353	2,256,228	3,169,529	3,020,030	3,407,224
COPPER	43,500	41,600	2,300	---	3,200	---	---	---	---	---
DIESEL	681,319	331,949	167,376	167,637	249,193	286,166	141,994	375,002	73,854	83,240
FROZEN PRODUCTS	---	---	---	---	---	---	---	---	100,400	111,400
<b>GENERAL CARGO (NOS)</b>	221,068	122,600	31,960	57,296	127,010	258,951	282,842	251,326	203,800	213,858
GRANITE	---	3,600	2,300	4,300	1,500	---	91,105	50,906	55,000	53,766
GYP SUM	---	1,500	---	---	1,671	31,466	18,870	25,180	13,321	52,396
IRON ORES	644,292	206,717	331,508	531,611	637,563	669,154	916,493	701,828	861,296	768,879
LIMESTONE	1,800,610	139,291	1,600,000	163,141	1,412,986	1,679,185	2,424,170	2,275,606	1,773,121	1,631,961
METHANOL	121,260	272,563	---	---	---	23,000	42,248	193,163	200,722	198,217
MISCELLANEOUS	490,078	410,132	211,968	164,247	216,794	166,506	91,134	595,696	75,372	135,078
PERLITE (BULK)	---	3,200	30,000	4,200	28,500	5,000	12,800	---	7,600	7,000
PETROLEUM	8,629,599	4,762,073	4,653,701	5,672,052	6,469,832	7,141,899	7,449,470	5,094,934	3,492,185	5,067,896
PULPWOOD	---	---	---	---	149,187	---	---	176,011	24,296	---
SCRAP IRON & STEEL	149,684	56,420	10,085	132,393	263,580	155,612	236,548	310,484	260,809	296,489
WOODCHIPS/LOGS	2,481,567	466,100	293,400	726,051	374,580	639,960	789,031	527,275	408,600	248,912
<b>GENERAL PORT TOTAL</b>	17,223,690	8,910,362	9,858,460	9,331,620	11,945,577	14,119,214	16,437,246	15,257,160	11,475,353	13,096,689
<b>GRAND TOTAL</b>	<b>37,207,593</b>	<b>29,258,278</b>	<b>33,828,680</b>	<b>33,048,061</b>	<b>32,791,868</b>	<b>33,441,502</b>	<b>37,962,390</b>	<b>42,648,482</b>	<b>36,625,315</b>	<b>37,326,493</b>

Note: Industry tonnage statistics include other non-major divisions and departments of the ASPA. General Port tonnage statistics include all freight accounted for in the Mobile River and Port of Mobile by privately owned terminals outside of the ASPA.

Source: ASPA general cargo department

**ALABAMA STATE PORT AUTHORITY  
RATIOS OF CAPITAL ASSETS  
For the Last Ten Years Ended September 30**

Ratio of Operating Revenues (in thousands) to Capital Assets\* (in thousands) by Division

	2021	2020	2019	2018	2017	2016	2015	2014	2013	Revised 2012
<b>McDuffie Coal Terminal</b>										
Operating Revenue	\$ 65,487	\$ 62,938	\$ 75,109	\$ 61,262	\$ 55,891	\$ 48,938	\$ 70,602	\$ 78,288	\$ 71,378	\$ 67,837
Capital Assets	\$ 120,453	\$ 125,263	\$ 137,705	\$ 139,997	\$ 143,442	\$ 150,839	\$ 158,221	\$ 156,388	\$ 150,848	\$ 146,738
Return on Capital Assets	54%	50%	55%	44%	39%	32%	45%	50%	47%	46%
<b>General Cargo / Intermodal</b>										
Operating Revenue	\$ 38,276	\$ 35,246	\$ 40,785	\$ 36,459	\$ 35,386	\$ 36,362	\$ 33,811	\$ 35,901	\$ 29,712	\$ 34,182
Capital Assets	\$ 124,991	\$ 130,384	\$ 129,362	\$ 147,054	\$ 154,445	\$ 160,857	\$ 166,403	\$ 173,799	\$ 172,495	\$ 173,540
Return on Capital Assets	31%	27%	32%	25%	23%	23%	20%	21%	17%	20%
<b>Terminal Railway</b>										
Operating Revenue	\$ 22,514	\$ 22,270	\$ 22,425	\$ 18,856	\$ 16,385	\$ 19,268	\$ 22,097	\$ 23,742	\$ 23,723	\$ 21,598
Capital Assets	\$ 35,804	\$ 35,588	\$ 35,215	\$ 35,554	\$ 36,965	\$ 38,543	\$ 36,445	\$ 37,998	\$ 37,241	\$ 36,152
Return on Capital Assets	63%	63%	64%	53%	44%	50%	61%	62%	64%	60%
<b>Real Estate</b>										
Operating Revenue	\$ 15,543	\$ 10,656	\$ 10,988	\$ 9,488	\$ 9,326	\$ 8,154	\$ 7,199	\$ 8,178	\$ 6,992	\$ 5,948
Capital Assets	\$ 285,414	\$ 246,484	\$ 207,087	\$ 213,857	\$ 218,982	\$ 219,730	\$ 169,098	\$ 172,990	\$ 140,827	\$ 164,903
Return on Capital Assets	5%	4%	5%	4%	4%	4%	4%	5%	5%	4%
<b>Marine Liquid Bulk Terminal</b>										
Operating Revenue	\$ 3,761	\$ 3,369	\$ 3,586	\$ 3,482	\$ 3,391	\$ 3,464	\$ 3,506	\$ 3,487	\$ 3,278	\$ 3,667
Capital Assets	\$ 9,545	\$ 9,924	\$ 9,958	\$ 8,092	\$ 8,380	\$ 8,668	\$ 8,956	\$ 9,187	\$ 9,347	\$ 9,662
Return on Capital Assets	39%	34%	36%	43%	40%	40%	39%	38%	35%	38%
<b>Other</b>										
Operating Revenue	\$ 6,074	\$ 5,344	\$ 5,556	\$ 5,388	\$ 5,492	\$ 5,980	\$ 7,672	\$ 12,722	\$ 12,424	\$ 11,453
Capital Assets	\$ 2,766	\$ 33,973	\$ 33,181	\$ 34,421	\$ 35,345	\$ 40,810	\$ 50,612	\$ 51,936	\$ 55,130	\$ 37,626
Return on Capital Assets	220%	16%	17%	16%	16%	15%	15%	24%	23%	30%
<b>Total</b>										
Operating Revenue	\$ 151,655	\$ 139,822	\$ 158,449	\$ 134,936	\$ 125,872	\$ 122,165	\$ 144,886	\$ 162,319	\$ 147,508	\$ 144,686
Capital Assets	\$ 578,973	\$ 581,616	\$ 552,508	\$ 578,973	\$ 597,559	\$ 619,447	\$ 589,735	\$ 602,298	\$ 565,888	\$ 568,621
Return on Capital Assets	26%	24%	29%	23%	21%	20%	25%	27%	26%	25%

\*Net of accumulated depreciation and excludes construction in progress.

Source: ASPA records and audited financial statements.

**ALABAMA STATE PORT AUTHORITY  
CAPITAL ASSETS STATISTICS  
As of September 30, 2021**

Total Acreage	3,700
Warehouse & Open Yards (sq. ft.)	5 million
Channel Depth in Upper River Harbor (feet)	40
Channel Depth in Lower River Harbor (feet)	45

<b>General Cargo Terminals</b>	<b>3</b>
Berths	35
with Transit Sheds	19
with Open Wharves	17
with Marginal Tracks	17
with Roll-on / Roll-off Ramps	1
with Freezer Terminal	1
Cement Terminal	1
Container Yard (acreage)	22
Cranes	
Magnetic Lifting Gantry	3
Harbor	1
Pig Iron Terminal	1
RO-RO Terminal	1
Rail Ferry Terminal	1
Reach Stackers	3
Steel Coil Handling Facility	1
Steel Slab Handling Terminal	1
Truck Scales	1

<b>Container Terminals</b>	<b>2</b>
Intermodal Rail Facility	1
Marine Terminal	1
Berths	2,400 ft.
Cranes	
Post-Panamax	2
Super Post-Panamax	2

<b>Railroads</b>	
Locomotives	8
Railcar Scales	1
Track (miles)	75

<b>Liquid Bulk Terminal</b>	<b>1</b>
Berths	2

<b>Bulk Materials Terminals</b>	<b>1</b>
Berths	3
Barge Loaders	3
Barge Unloaders	2
Double Stackers	2
Automatic Samplers	2
Ship Loaders	1
Ship Unloaders	3
Stacker / Reclaimers	5
Storage Capacity (tons)	
Ground	2.3 million
Tandem Railcar Dumps	1

<b>Grain Elevator</b>	<b>1</b>
Bushel capacity (bushels)	3.3 million
Ship loading capacity per hour (bushels)	100,000
Railcar unloading capacity per hour (bushels)	24,000

<b>Inland Docks</b>	<b>8</b>
Grain Elevators (see *)	4
Total acres	236

<u>Port</u>	<u>River</u>
Axis	Mobile
Bridgeport	Tennessee
Columbia *	Chattahoochee
Cordova	Black Warrior
Demopolis *	Tombigbee
Eufaula	Chattahoochee
Montgomery *	Alabama
Selma *	Alabama

Note: The Alabama State Port Authority lies in proximity to two turning basins which are not capital assets of the Authority. The Port also has immediate access to two interstate systems and five Class 1 railroads.

Source: ASPA records

**ALABAMA STATE PORT AUTHORITY  
MISCELLANEOUS STATISTICAL DATA  
U.S. PORT RANKING BY CARGO VOLUME  
OF DOMESTIC AND FOREIGN TRADE FOR CALENDAR YEAR 2020\***

Rank	Port	Domestic Trade		Foreign Trade		Total Trade	
		Tons ^	Port	Tons ^	Port	Tons ^	Tons ^
1	South Louisiana, LA**	112,372,057	Houston, TX	196,762,463	Houston, TX	275,940,289	
2	Houston, TX	79,177,826	Corpus Christi, TX	125,699,178	South Louisiana, LA**	225,086,697	
3	Baton Rouge, LA	43,420,458	South Louisiana, LA**	112,714,640	Corpus Christi, TX	150,755,485	
4	New Orleans, LA	43,220,217	New York, NY & NJ	83,609,641	New York, NY & NJ	123,697,438	
5	New York, NY & NJ	40,087,797	Long Beach, CA	65,687,734	New Orleans, LA	81,067,448	
6	Mid-Ohio Valley Port, OH and WV	35,939,474	Los Angeles, CA	54,950,774	Long Beach, CA	79,178,087	
7	Cincinnati-Northern KY**	34,476,340	Virginia Port Authority**	53,092,416	Baton Rouge, LA	71,686,872	
8	St. Louis Metro Port, IL and MO	30,487,796	Beaumont, TX	45,781,625	Beaumont, TX	70,567,386	
9	Huntington-Tristate**	29,699,657	Savannah, GA	42,317,267	Los Angeles, CA	59,452,139	
10	Plaquemines, LA	25,879,971	New Orleans, LA	37,847,231	Virginia Port Authority**	58,048,785	
11	Corpus Christi, TX	25,056,307	Freeport, TX	34,576,737	<b>Mobile, AL</b>	<b>53,206,561</b>	
12	Beaumont, TX	24,785,761	<b>Mobile, AL</b>	<b>34,412,478</b>	Plaquemines, LA	46,750,799	
13	Indiana (Northern District), IN	24,128,574	Baltimore, MD	30,990,180	Savannah, GA	43,453,044	
14	Valdez, AK	23,019,746	Baton Rouge, LA	28,266,414	Lake Charles, LA	43,053,658	
15	Lake Charles, LA	20,333,504	Port Arthur, TX	23,925,092	Port Arthur, TX	41,222,200	
16	Duluth-Superior, MN and WI	19,363,238	Charleston, SC	23,124,509	Freeport, TX	38,748,662	
17	<b>Mobile, AL</b>	<b>18,794,083</b>	Lake Charles, LA	22,720,154	Mid-Ohio Valley Port, OH and WV	35,939,474	
18	Port Arthur, TX	17,297,108	Texas City, TX	21,180,341	Baltimore, MD	35,202,027	
19	Tampa, FL	15,913,148	Plaquemines, LA	20,870,828	Cincinnati-Northern KY**	34,476,340	
20	Pittsburgh, PA	15,536,051	Seattle, WA	18,149,774	Texas City, TX	33,721,312	

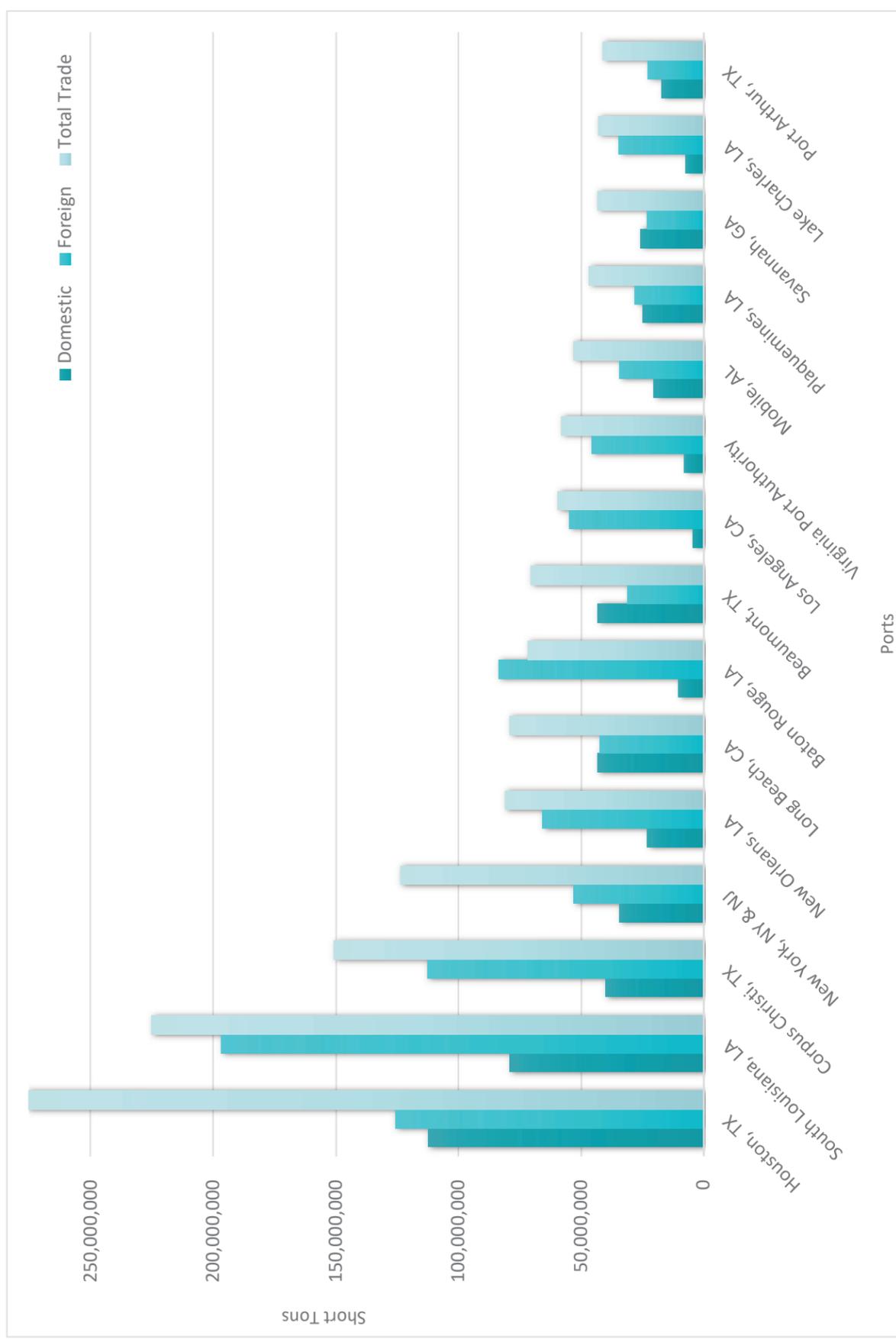
\* Latest statistics published.

\*\* The Port of South Louisiana comprises a 54-mile area along the Mississippi River in St. James, St. John the Baptist, and St. Charles Parishes. The Port of Huntington-Tristate is an inland port in West Virginia comprising the Ohio, Big Sandy, and Kanawha Rivers. The Ports of Cincinnati and Northern Kentucky are inland ports comprising a 226-mile area along the Ohio and Licking Rivers spanning 15 counties in two states, Ohio and Kentucky. Virginia Port Authority is comprised of three marine terminals (Newport News, Norfolk, and Portsmouth) along the Elizabeth, Lafayette, and James Rivers; one inland port in Front Royal, VA; and two leased terminals at Richmond and Portsmouth.

Source: U.S. Army Corps of Engineers Institute for Water Resources; information presented is domestic U.S. Ports authorized by Congress for the U.S. Army Corps of Engineers in waterborne commerce.

^ short tons

**ALABAMA STATE PORT AUTHORITY  
CHART OF U.S. PORT RANKING BY CARGO VOLUME OF DOMESTIC AND FOREIGN TRADE  
For Calendar Year 2020\***



\*Latest statistics published  
Source: U.S. Army Corps of Engineers Institute for Water Resources; information presented is domestic U.S. Ports authorized by Congress for the U.S. Army Corps of Engineers in waterborne commerce.

**ALABAMA STATE PORT AUTHORITY  
MISCELLANEOUS STATISTICAL DATA  
U.S. PORT RANKING BY CARGO VOLUME OF DOMESTIC AND FOREIGN TRADE  
FOR CALENDAR YEAR 2020\***

Rank	Port	Exports	Tons ^	Port	Imports	Tons ^	Port	Total Foreign Trade	Tons ^
1	Houston, TX	139,791,725		New York, NY & NJ	68,357,078		Houston, TX	196,762,463	
2	Corpus Christi, TX	108,093,092		Houston, TX	56,970,738		Corpus Christi, TX	125,699,178	
3	South Louisiana, LA	82,290,656		Long Beach, CA	46,552,104		South Louisiana, LA	112,714,640	
4	Virginia Port Authority**	40,729,643		Los Angeles, CA	38,658,365		New York, NY & NJ	83,609,641	
5	Beaumont, TX	29,610,665		South Louisiana, LA	30,423,984		Long Beach, CA	65,687,734	
6	Freeport, TX	28,016,360		Savannah, GA	24,505,366		Los Angeles, CA	54,950,774	
7	Baton Rouge, LA	22,603,587		<b>Mobile, AL</b>	<b>17,859,999</b>		Virginia Port Authority**	53,092,416	
8	New Orleans, LA	22,523,113		Corpus Christi, TX	17,606,086		Beaumont, TX	45,781,625	
9	Long Beach, CA	19,135,630		Beaumont, TX	16,170,960		Savannah, GA	42,317,267	
10	Baltimore, MD	18,053,042		New Orleans, LA	15,324,118		New Orleans, LA	37,847,231	
11	Savannah, GA	17,811,901		Charleston, SC	14,996,099		Freeport, TX	34,576,737	
12	Lake Charles, LA	17,693,748		Baltimore, MD	12,937,138		<b>Mobile, AL</b>	<b>34,412,478</b>	
13	Port Arthur, TX	16,608,257		Virginia Port Authority**	12,362,773		Baltimore, MD	30,990,180	
14	<b>Mobile, AL</b>	<b>16,552,479</b>		Richmond, CA	11,494,554		Baton Rouge, LA	28,266,414	
15	Kalama, WA	16,418,582		South Jersey Port District, NJ	11,271,285		Port Arthur, TX	23,925,092	
16	Plaquemines, LA	16,314,859		Philadelphia, PA	9,833,680		Charleston, SC	23,124,509	
17	Los Angeles, CA	16,292,409		Seattle, WA	9,098,134		Lake Charles, LA	22,720,154	
18	New York, NY & NJ	15,252,563		Oakland, CA	8,520,142		Texas City, TX	21,180,341	
19	Texas City, TX	13,579,032		Boston, MA	8,310,101		Plaquemines, LA	20,870,828	
20	Portland, OR	12,096,570		Tampa, FL	8,250,523		Seattle, WA	18,149,774	

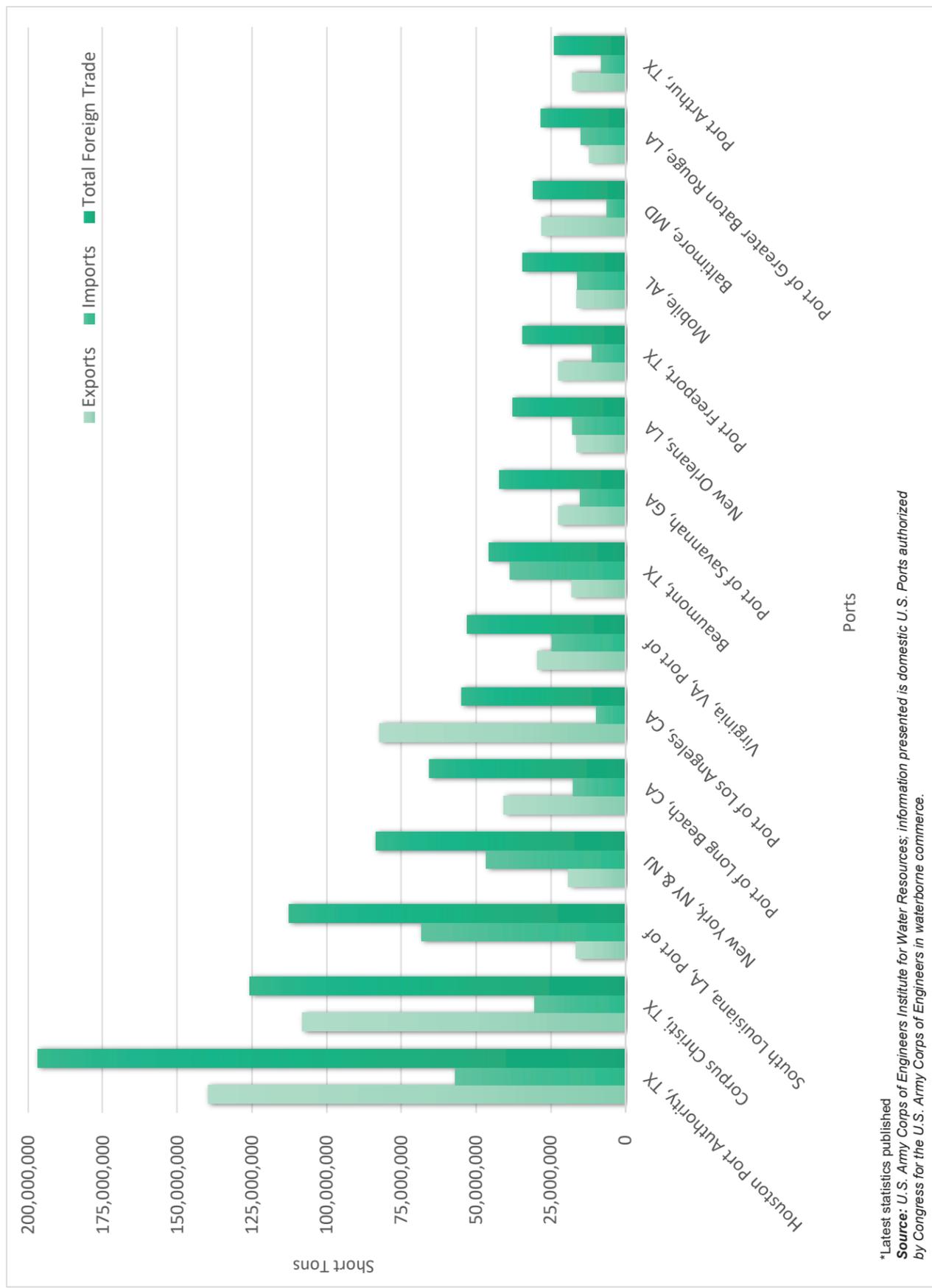
\* Latest statistics published.

\*\* The Port of South Louisiana comprises a 54-mile area along the Mississippi River in St. James, St. John the Baptist, and St. Charles Parishes. Virginia Port Authority is comprised of three marine terminals (Newport News, Norfolk, and Portsmouth) along the Elizabeth, Lafayette, and James Rivers; one inland port in Front Royal, VA; and two leased terminals at Richmond and Portsmouth.

**Source:** U.S. Army Corps of Engineers Institute for Water Resources; information presented is domestic U.S. Ports authorized by Congress for the U.S. Army Corps of Engineers in waterborne commerce.

^ short tons

**ALABAMA STATE PORT AUTHORITY  
CHART OF U.S.. PORT RANKING BY CARGO VOLUME OF FOREIGN TRADE  
For Calendar Year 2020\***



\*Latest statistics published  
**Source:** U.S. Army Corps of Engineers Institute for Water Resources; information presented is domestic U.S. Ports authorized by Congress for the U.S. Army Corps of Engineers in waterborne commerce.

**ALABAMA STATE PORT AUTHORITY  
MISCELLANEOUS STATISTICAL DATA  
PRIMARY COMMODITIES  
FOR SELECT U.S. PORTS FOR CALENDAR YEAR 2020\***

**COAL TONNAGE**

U.S. Port (ranked by total short tons)	Domestic	Foreign	Export	Import	Total Short Tons
Virginia Port Authority**	3,300	25,856,197	25,850,106	6,091	25,859,497
Mid-Ohio Valley, OH and WV	21,266,666	---	---	---	21,266,666
Cincinnati-Northern, KY**	17,577,123	---	---	---	17,577,123
Baltimore, MD	575,344	14,627,440	14,624,350	3,090	15,202,784
Huntington-Tristate, KY, OH, WV	13,790,424	---	---	---	13,790,424
<b>Mobile, AL</b>	<b>6,861</b>	<b>12,166,277</b>	<b>10,280,625</b>	<b>1,885,652</b>	<b>12,173,138</b>
Pittsburg, PA	8,980,649	---	---	---	8,980,649
Plaquemines, LA	45,642,034	364,199	364,199	---	46,006,233
South Louisiana, LA**	1,842,564	3,242,199	3,242,199	---	5,084,763
Duluth-Superior, MN and WI	4,965,639	---	---	---	4,965,639

**PRIMARY IRON & STEEL TONNAGE**

U.S. Port (ranked by total short tons)	Domestic	Foreign	Export	Import	Total Short Tons
<b>Mobile, AL</b>	---	<b>5,636,536</b>	<b>1,144,429</b>	<b>4,492,107</b>	<b>5,636,536</b>
South Louisiana, LA**	2,859,629	1,079,659	29	1,079,630	3,939,288
Houston, TX	724,839	3,153,648	113,111	3,040,537	3,878,487
Brownsville, TX	103,447	2,546,797	---	2,546,797	2,650,244
Plaquemines, LA	1,052,540	1,220,965	---	1,220,965	2,273,505
Charleston, SC	110,292	2,077,877	124,822	1,953,055	2,188,169
New Orleans, LA	1,134,257	---	9,801	1,035,679	2,179,737
Los Angeles, CA	1,897	1,549,177	24,685	1,524,492	1,551,074
South Jersey, NJ	19,531	1,175,018	63	1,174,955	1,194,549
Corpus Christi, TX	47,602	1,121,797	1,053,615	68,182	1,169,399

**FOREST PRODUCTS TONNAGE**

U.S. Port (ranked by total short tons)	Domestic	Foreign	Export	Import	Total Short Tons
Savannah, GA	---	2,531,561	2,295,392	236,169	2,531,561
Longview, WA	606,298	1,645,327	1,645,327	---	2,251,625
Virginia Port Authority**	---	2,047,694	1,860,125	187,569	2,047,694
Wilmington, NC	---	1,465,341	1,364,948	100,393	1,465,341
Baton Rouge, LA	---	1,353,110	1,353,110	---	1,353,110
New York, NY and NJ	---	1,240,799	888,289	352,510	1,240,799
<b>Mobile, AL</b>	---	<b>946,816</b>	<b>838,866</b>	<b>107,950</b>	<b>946,816</b>
Charleston, SC	---	882,024	579,646	302,378	882,024
Everett, WA	754,238	15,431	62	15,369	769,669
Brunswick, GA	---	746,659	725,013	21,646	746,659

\*Latest statistics published.

\*\* The Port of South Louisiana comprises a 54-mile area along the Mississippi River in St. James, St. John the Baptist, and St. Charles Parishes. The Ports of Cincinnati and Northern Kentucky are inland ports comprising a 226-mile area along the Ohio and Licking Rivers spanning 15 counties in two states, Ohio and Kentucky. Virginia Port Authority is comprised of three marine terminals (Newport News, Norfolk, and Portsmouth) along the Elizabeth, Lafayette, and James Rivers; one inland port in Front Royal, VA; and two leased terminals at Richmond and Portsmouth.

Source: U.S. Army Corps of Engineers Institute for Water Resources; information presented is domestic U.S. Ports authorized by Congress for the U.S. Army Corps of Engineers in waterborne commerce.

**ALABAMA STATE PORT AUTHORITY  
CHART OF COAL, PRIMARY IRON & STEEL, AND FOREST PRODUCTS TONNAGE FOR MOBILE, AL  
For Calendar Year 2020\***



\*Latest statistics published  
Source: U.S. Army Corps of Engineers Institute for Water Resources; information presented is domestic U.S. Ports authorized by Congress for the U.S. Army Corps of Engineers in waterborne commerce.

**ALABAMA STATE PORT AUTHORITY**  
**MISCELLANEOUS STATISTICAL DATA**  
**ALABAMA'S TOTAL VALUE OF TRADE BY REGION (in thousands)**  
**For the Last Ten Years Ended December 31**

	World	% of Total	Africa	% of Total	Asia & Pacific Rim	% of Total	Europe	% of Total	Latin America	% of Total	Middle East	% of Total	North America	% of Total
<u>2021</u>														
Exports	\$ 20,896,000		\$ 405,000		\$ 6,315,000		\$ 6,169,000		\$ 1,638,000		\$ 454,000		\$ 5,915,000	
Imports	\$ 31,562,000		\$ 825,000		\$ 12,694,000		\$ 7,707,000		\$ 1,403,000		\$ 126,000		\$ 8,807,000	
Total	\$ 52,458,000	100%	\$ 1,230,000	2%	\$ 19,009,000	36%	\$ 13,876,000	26%	\$ 3,041,000	6%	\$ 580,000	2%	\$ 14,722,000	28%
<u>2020</u>														
Exports	\$ 17,154,000		\$ 330,000		\$ 5,962,000		\$ 4,397,000		\$ 1,326,000		\$ 331,000		\$ 4,808,000	
Imports	\$ 25,503,000		\$ 280,000		\$ 10,895,000		\$ 6,154,000		\$ 1,179,000		\$ 263,000		\$ 6,732,000	
Total	\$ 42,657,000	100%	\$ 610,000	1%	\$ 16,857,000	40%	\$ 10,551,000	25%	\$ 2,505,000	6%	\$ 594,000	1%	\$ 11,540,000	27%
<u>2019</u>														
Exports	\$ 20,796,000		\$ 238,000		\$ 5,405,000		\$ 6,606,000		\$ 1,869,000		\$ 526,000		\$ 6,152,000	
Imports	\$ 28,349,000		\$ 230,000		\$ 11,068,000		\$ 7,239,000		\$ 1,332,000		\$ 545,000		\$ 7,935,000	
Total	\$ 49,145,000	100%	\$ 468,000	1%	\$ 16,473,000	34%	\$ 13,845,000	28%	\$ 3,201,000	7%	\$ 1,071,000	1%	\$ 14,087,000	29%
<u>2018</u>														
Exports	\$ 21,416,000		\$ 224,000		\$ 6,211,000		\$ 5,532,000		\$ 2,196,000		\$ 544,000		\$ 6,709,000	
Imports	\$ 26,211,000		\$ 268,000		\$ 9,500,000		\$ 7,177,000		\$ 1,259,000		\$ 758,000		\$ 7,249,000	
Total	\$ 47,627,000	100%	\$ 492,000	1%	\$ 15,711,000	33%	\$ 12,709,000	27%	\$ 3,455,000	7%	\$ 1,302,000	3%	\$ 13,958,000	29%
<u>2017</u>														
Exports	\$ 21,797,000		\$ 306,000		\$ 6,415,000		\$ 5,612,000		\$ 1,594,000		\$ 743,000		\$ 7,127,000	
Imports	\$ 23,595,000		\$ 199,000		\$ 8,633,000		\$ 6,581,000		\$ 1,162,000		\$ 832,000		\$ 6,188,000	
Total	\$ 45,392,000	100%	\$ 505,000	2%	\$ 15,048,000	33%	\$ 12,193,000	27%	\$ 2,756,000	6%	\$ 1,575,000	3%	\$ 13,315,000	29%
<u>2016</u>														
Exports	\$ 20,472,000		\$ 340,000		\$ 5,810,000		\$ 5,385,000		\$ 1,218,000		\$ 951,000		\$ 6,768,000	
Imports	\$ 22,125,000		\$ 153,000		\$ 8,525,000		\$ 6,372,000		\$ 1,206,000		\$ 624,000		\$ 5,245,000	
Total	\$ 42,597,000	100%	\$ 493,000	1%	\$ 14,335,000	34%	\$ 11,757,000	28%	\$ 2,424,000	6%	\$ 1,575,000	3%	\$ 12,013,000	28%

Note: Latin America includes the regions of the Caribbean, Central America, and South America. North America includes the countries of Canada and Mexico.

Source: *International Trade Administration, a bureau of the U.S. Department of Commerce*

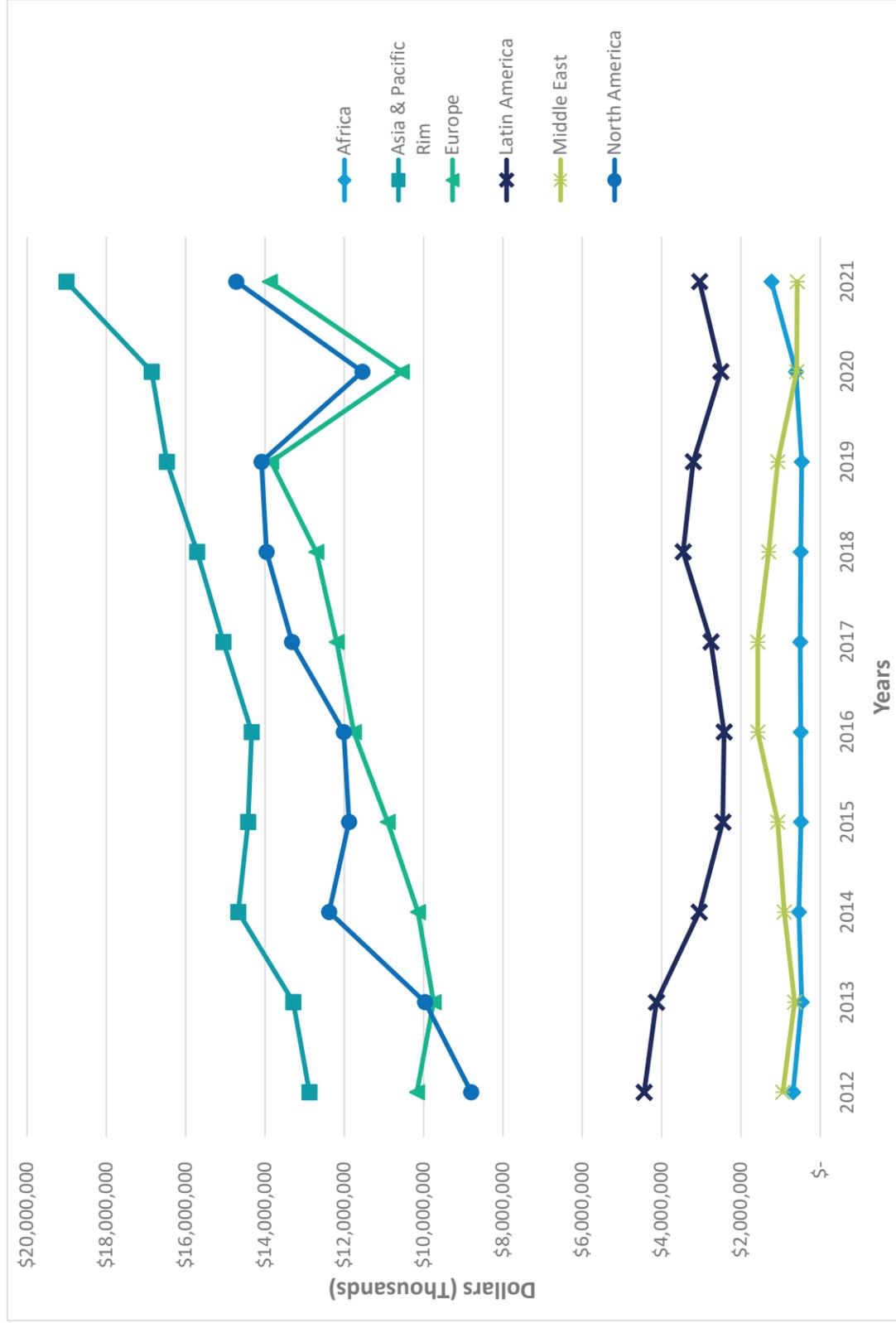
**ALABAMA STATE PORT AUTHORITY**  
**MISCELLANEOUS STATISTICAL DATA (cont.)**  
**ALABAMA'S TOTAL VALUE OF TRADE BY REGION (in thousands)**  
**For the Last Ten Years Ended December 31**

	World	% of Total	Africa	% of Total	Asia & Pacific Rim	% of Total	Europe	% of Total	Latin America	% of Total	Middle East	% of Total	North America	% of Total
<u>2015</u>														
Exports	\$ 19,322,000		\$ 322,000		\$ 5,399,000		\$ 4,640,000		\$ 1,337,000		\$ 665,000		\$ 6,959,000	
Imports	\$ 21,900,000		\$ 161,000		\$ 9,025,000		\$ 6,265,000		\$ 1,119,000		\$ 408,000		\$ 4,922,000	
Total	\$ 41,222,000	100%	\$ 483,000	1%	\$ 14,424,000	35%	\$ 10,905,000	26%	\$ 2,456,000	6%	\$ 1,073,000	3%	\$ 11,881,000	29%
<u>2014</u>														
Exports	\$ 19,450,000		\$ 374,000		\$ 5,706,000		\$ 4,557,000		\$ 1,640,000		\$ 570,000		\$ 6,603,000	
Imports	\$ 22,241,000		\$ 164,000		\$ 8,965,000		\$ 5,585,000		\$ 1,411,000		\$ 336,000		\$ 5,780,000	
Total	\$ 41,691,000	100%	\$ 538,000	1%	\$ 14,671,000	35%	\$ 10,142,000	24%	\$ 3,051,000	7%	\$ 906,000	3%	\$ 12,383,000	30%
<u>2013</u>														
Exports	\$ 19,300,000		\$ 367,000		\$ 5,170,000		\$ 4,798,000		\$ 1,852,000		\$ 582,000		\$ 6,531,000	
Imports	\$ 18,941,000		\$ 100,000		\$ 8,118,000		\$ 4,950,000		\$ 2,278,000		\$ 63,000		\$ 3,432,000	
Total	\$ 38,241,000	100%	\$ 467,000	1%	\$ 13,288,000	35%	\$ 9,748,000	25%	\$ 4,130,000	11%	\$ 645,000	2%	\$ 9,963,000	26%
<u>2012</u>														
Exports	\$ 19,578,000		\$ 382,000		\$ 5,174,000		\$ 5,323,000		\$ 1,840,000		\$ 864,000		\$ 5,995,000	
Imports	\$ 18,339,000		\$ 302,000		\$ 7,706,000		\$ 4,848,000		\$ 2,597,000		\$ 82,000		\$ 2,804,000	
Total	\$ 37,917,000	100%	\$ 684,000	2%	\$ 12,880,000	34%	\$ 10,171,000	27%	\$ 4,437,000	12%	\$ 946,000	2%	\$ 8,799,000	23%

Note: Latin America includes the regions of the Caribbean, Central America, and South America. North America includes the countries of Canada and

Mexico. Source: *International Trade Administration, a bureau of the U.S. Department of Commerce*

**ALABAMA STATE PORT AUTHORITY**  
**CHART OF ALABAMA'S TOTAL VALUE OF TRADE BY REGION (in thousands)**  
 For the Last Ten Years Ended December 31



Note: Latin America includes the regions of the Caribbean, Central America, and South America. North America includes the countries of Canada and Mexico.

Source: International Trade Administration, a bureau of the U.S. Department of Commerce



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