ALABAMA STATE PORT AUTHORITY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2021 AND 2020

Warren Averett
CPAs AND ADVISORS

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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 3 – 16 and 68–75, 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.

Warren Averett, LLC

Mobile, Alabama
March 7, 2022

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.

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.

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.

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.

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.

	2021	2020	2019
Assets			
Current and other assets	$ 142,372,765	$ 137,304,900	$ 152,113,520
Capital assets, net	632,766,175	621,425,390	601,230,360
Total assets	775,138,940	758,730,290	753,343,880
Deferred outflows of resources	24,811,503	28,923,740	28,974,464
Liabilities			
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	49,481,544	46,861,263	47,168,553
Total liabilities	393,406,244	420,983,717	456,448,393
Deferred inflows of resources	34,380,022	28,782,235	12,635,111
Net position			
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	20,339,588	12,284,091	(4,345,581)
Total net position	$ 372,164,177	$ 337,888,078	$ 313,234,840

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).

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:

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

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.

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:

	2021	2020	2019
Operating revenues			
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	6,074,366	5,344,408	5,556,243
Total operating revenues	$ 151,655,871	$ 139,822,169	$ 158,449,481

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.

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.

	2021	2020	2019
Operating expenses			
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	$ 121,677,526	$ 130,910,647	$ 133,845,047

	2021	2020	2019
Nonoperating income (expenses)			
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	$ (13,628,003)	$ (8,160,720)	$ (16,154,341)

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.

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:

	2021	2020	2019
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	57,784,218	69,066,657	60,578,063
End of year	$ 65,581,341	$ 57,784,218	$ 69,066,657

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.

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.

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.

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
CURRENT ASSETS		
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	123,387,369	123,067,116
NONCURRENT ASSETS		
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	651,751,571	635,663,174
TOTAL ASSETS	$ 775,138,940	$ 758,730,290
DEFERRED OUTFLOWS OF RESOURCES		
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	$ 24,811,503	$ 28,923,740

See notes to the financial statements.

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

LIABILITIES AND NET POSITION

	2021	2020
CURRENT LIABILITIES		
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	41,336,418	37,163,172
NONCURRENT LIABILITIES		
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	352,069,826	383,820,545
TOTAL LIABILITIES	$ 393,406,244	$ 420,983,717
DEFERRED INFLOWS OF RESOURCES		
Pension	$ 637,499	$ 1,281,803
Other postemployment benefits	33,742,523	27,500,432
Total deferred inflows of resources	$ 34,380,022	$ 28,782,235
NET POSITION		
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	$ 372,164,177	$ 337,888,078

See notes to the financial statements.

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

	2021	2020
OPERATING REVENUES		
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	151,655,871	139,822,169
OPERATING EXPENSES AND LOSSES		
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	121,677,526	130,910,647
OPERATING INCOME	29,978,345	8,911,522
NONOPERATING INCOME (EXPENSES)		
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	(13,628,003)	(8,160,720)
Income before capital grants and contributions	16,350,342	750,802
Capital grants and contributions	17,925,757	23,902,436
Increase in net position	34,276,099	24,653,238
NET POSITION		
Beginning of year	337,888,078	313,234,840
End of year	$ 372,164,177	$ 337,888,078

See notes to the financial statements.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
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	59,019,411	28,694,892
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Other nonoperating expenses	(1,800,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
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	(47,441,975)	(56,468,753)
CASH FLOWS FROM INVESTING ACTIVITIES		
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	(1,980,313)	16,491,422
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,797,123	(11,282,439)
CASH AND CASH EQUIVALENTS		
Beginning of year	57,784,218	69,066,657
End of year	$ 65,581,341	$ 57,784,218

See notes to the financial statements.

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

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
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	$ 59,019,411	$ 28,694,892

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.

See notes to the financial statements.

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.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
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
	$ 5,456,057	$ 389,551	$ 1,201,552	$ 4,644,056	$ 2,786,434

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.

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

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
Capital assets not being depreciated:				
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
Total capital assets not being depreciated	**116,591,338**	**63,117,033**	**(78,546,434)**	**101,161,937**
Capital assets being depreciated:				
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
Total capital assets being depreciated	**1,112,519,129**	**56,658,342**	**56,711**	**1,169,234,182**
Less accumulated depreciation:				
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
Total accumulated depreciation	**607,685,077**	**30,461,846**	**(516,979)**	**637,629,944**
Total capital assets being depreciated, net	**504,834,052**	**26,196,496**	**573,690**	**531,604,238**
Capital assets, net	**$ 621,425,390**	**$ 89,313,529**	**$ (77,972,744)**	**$ 632,766,175**

*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.

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
Capital assets not being depreciated:				
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
Total capital assets not being depreciated	**125,530,622**	**53,779,093**	**(62,718,377)**	**116,591,338**
Capital assets being depreciated:				
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
Total capital assets being depreciated	**1,059,148,571**	**60,075,988**	**(6,705,430)**	**1,112,519,129**
Less accumulated depreciation:				
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
Total accumulated depreciation	**583,448,833**	**29,281,496**	**(5,045,252)**	**607,685,077**
Total capital assets being depreciated, net	**475,699,738**	**30,794,492**	**(1,660,178)**	**504,834,052**
Capital assets, net	**$ 601,230,360**	**$ 84,573,585**	**$ (64,378,555)**	**$ 621,425,390**

*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.

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
Other assets, net	$ 7,009,539	$ 3,850,381

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.

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
Bonds payable from direct borrowings:					
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
Bonds payable:					
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
	325,186,000	$ -	$ 13,060,000	312,126,000	$ 14,936,771
Plus: Unamortized premium, net	12,490,527			11,660,222	
Less: Current maturities	(13,060,000)			(14,936,771)	
Long-term debt, net	$ 324,616,527			$ 308,849,451	

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
Bonds payable from direct borrowings:					
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	-
Bonds payable:					
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
	340,625,000	$ 46,986,000	$ 62,425,000	325,186,000	$ 13,060,000
Plus: Unamortized premium, net	13,604,640			12,490,527	
Less: Current maturities	(12,425,000)			(13,060,000)	
Long-term debt, net	$ 341,804,640			$ 324,616,527	

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.

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:

	Principal	Interest	Total
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
	$ 55,026,000	$ 9,162,649	$ 64,188,649

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

	Principal	Interest	Total
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
	$ 257,100,000	$ 140,264,167	$ 397,364,167

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:

	2021	2020
Debt service:		
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
Capital Projects:		
Short-Term Docks Facilities Revenue Bond, Series 2018 Construction Fund	682,096	681,924
Total restricted expendable	$ 31,880,424	$ 29,847,708

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:

2021	ERS	Hourly DB Plan	Railway Plan	**Total**
Pension assets	$ 33,795,980	$ 21,723,794	$ 1,373,015	**$ 56,892,789**
Pension liabilities	54,841,510	20,443,920	1,779,399	**77,064,829**
Net pension liability	**$ 21,045,530**	**$ -**	**$ 406,384**	**$ 21,451,914**
Net pension asset	**$ -**	**$ (1,279,874)**	**$ -**	**$ (1,279,874)**
Deferred outflows	$ 3,157,735	$ 83,231	$ 78,811	**$ 3,319,777**
Deferred inflows	$ 285,826	$ 242,070	$ 109,603	**$ 637,499**
Pension expense	$ 1,375,218	$ 278,208	$ 44,635	**$ 1,698,061**

2020	ERS	Hourly DB Plan	Railway Plan	**Total**
Pension assets	$ 33,908,785	$ 20,806,649	$ 1,315,049	**$ 56,030,483**
Pension liabilities	53,500,106	20,615,767	1,823,412	**75,939,285**
Net pension liability	**$ 19,591,321**	**$ -**	**$ 508,363**	**$ 20,099,684**
Net pension asset	**$ -**	**$ (190,882)**	**$ -**	**$ (190,882)**
Deferred outflows	$ 1,997,088	$ 231,330	$ 103,604	**$ 2,332,022**
Deferred inflows	$ 624,320	$ 525,492	$ 131,991	**$ 1,281,803**
Pension expense	$ 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.

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	-
	$ 3,157,735	$ 285,826

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
	$ 1,451,758

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:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
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:

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

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:

	Target Allocation	Long-Term Expected Real Rate of Return
Investment Type:		
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%
	100.00%	

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.

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	(171,847)	917,145	(1,088,992)
Balances as of September 30, 2021	$ 20,443,920	$ 21,723,794	$ (1,279,874)

	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	(28,825)	1,575,424	(1,604,249)
Balances as of September 30, 2020	$ 20,615,767	$ 20,806,649	$ (190,882)

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.

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	70,137	8,653
	$ 83,231	$ 242,070

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	35,040
	$ (158,839)

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:

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

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:

	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 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.

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:

	Target Allocation	Long-Term Expected Real Rate of Return
Investment Type:		
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%
	100.00%	

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.

8. RETIREMENT PLANS – CONTINUED

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

Changes in the Net Pension Liability

	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
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	(44,013)	57,966	(101,979)
Balances as of September 30, 2021	$ 1,779,399	$ 1,373,015	$ 406,384

	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
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	38,859	100,658	(61,799)
Balances as of September 30, 2020	$ 1,823,412	$ 1,315,049	$ 508,363

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:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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
	$ 78,811	$ 109,603

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)
	$ (30,792)

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.

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.

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.

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:

	2021	2020
Total OPEB liability	$ 16,445,627	$ 32,650,830
OPEB Fiduciary net position	2,822,292	3,244,587
Net OPEB liability	$ 13,623,335	$ 29,406,243
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
Investment Type:		
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%
	100.00%	

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

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	-
	$ 9,180,716	$ 33,742,523

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)
	$ (25,478,918)

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:

	2021	2020
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	(222,958)	(142,848)
Reported claims payable and estimated claims incurred but not reported at end of year	1,785,776	1,998,159
Less: current liabilities	182,903	148,268
Reported long-term claims payable at end of year	$ 1,602,873	$ 1,849,891

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	79,316,054
	$ 111,560,325

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.

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
TOTAL PENSION LIABILITY								
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
PENSION FIDUCIARY NET POSITION								
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
NET PENSION (ASSET) LIABILITY (A) - (B)	$ (1,279,874)	$ (190,882)	$ 1,413,367	$ 3,283,192	$ 4,622,925	$ 4,681,878	$ 6,090,716	$ 6,255,019
FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	106.26%	100.93%	93.15%	84.41%	79.02%	78.22%	72.07%	71.01%
COVERED PAYROLL	$ 13,727,865	$ 15,790,208	$ 16,283,596	$ 14,669,586	$ 12,704,324	$ 12,136,336	$ 15,241,310	$ 15,588,432
NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	-9.32%	-1.21%	8.68%	22.38%	36.39%	38.58%	39.96%	40.13%

This schedule is presented to show information for 10 years. Until a full 10-year trend is available, the Authority will present information for those years for which information is available.

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.

This schedule is presented to show information for 10 years. Until a full 10-year trend is available, the Authority will present information for those years for which information is available.

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
TOTAL PENSION LIABILITY								
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
PENSION FIDUCIARY NET POSITION								
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
NET PENSION LIABILITY (A) - (B)	$ 406,384	$ 508,363	$ 570,162	$ 720,786	$ 856,090	$ 886,599	$ 1,019,271	$ 915,456
FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	77.16%	72.12%	68.05%	60.90%	55.67%	53.52%	47.49%	49.54%
COVERED PAYROLL	$ 8,059,913	$ 7,659,706	$ 7,787,550	$ 7,363,599	$ 7,331,607	$ 7,293,665	$ 8,324,817	$ 8,010,453
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	5.04%	6.64%	7.32%	9.79%	11.68%	12.16%	12.24%	11.43%

This schedule is presented to show information for 10 years. Until a full 10-year trend is available, the Authority will present information for those years for which information is available.

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.

This schedule is presented to show information for 10 years. Until a full 10-year trend is available, the Authority will present information for those years for which information is available.

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.

This schedule is presented to show information for 10 years. Until a full 10-year trend is available, the Authority will present information for those years for which information is available.

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%

This schedule is presented to show information for 10 years. Until a full 10-year trend is available, the Authority will present information for those years for which information is available.

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.

This schedule is presented to show information for 10 years. Until a full 10-year trend is available, the Authority will present information for those years for which information is available.

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.*

This schedule is presented to show information for 10 years. Until a full 10-year trend is available, the Authority will present information for those years for which information is available.