



# SOUTH JERSEY PORT CORPORATION **2019 ANNUAL REPORT**



# A MESSAGE FROM OUR CHAIRMAN



**RICHARD A. ALAIMO**  
Chairman of the Board

To the Governor, Lieutenant Governor, and State Legislature:

As we end the year in celebrating our 50th Anniversary, I reflect on the thousands of people who deserve recognition for the success of the mission of the South Jersey Port Corporation. On behalf of the entire board of directors, I want to express our gratitude to everyone who has contributed over the last 50 years.

The most important of them all is the employees of the South Jersey Port Corporation. These are men and women who deliver 24/7 - in both good and bad weather - the best marine terminal service anywhere in the world. We are extremely grateful for their often-unheralded contributions.

I want to thank the scores of men and women who served on our board over the past 50 years. They have selflessly taken time out of their busy schedules to volunteer and dedicate their talents and expertise to bolstering South Jersey's economy and creating jobs.

None of this could be possible without the vision and commitment of a series of Governors and State Legislatures who recognized the importance of our mission. That commitment started with Governor Hughes in 1968 and continues today with your administration.

I also want to share our heartfelt appreciation and gratitude to our local elected officials in our host communities for their advocacy and partnership with the port in creating job opportunities for the residents of South Jersey.

We thank our tenants and partners for the opportunity to serve their needs. We are committed to exceeding our customers' needs now and into the future. We are only as successful as they are.

Finally, I want to remember Joe Balzano, Sr. for his past years of leadership at the helm of the port. Joe was an unwavering force of will and vision. His tireless devotion made our terminals the success they are today. He is missed by all.

Thank you for your ongoing support as we continue to move forward in partnership with the State of New Jersey's mission for a robust economy.

Respectfully,

A handwritten signature in blue ink that reads "Richard A. Alaimo". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

**Richard A. Alaimo**  
Chairman of the Board

# TABLE OF CONTENTS

HISTORY & MISSION 04

OUR TEAM 08

OUR FACILITIES 11

2019 AT A GLANCE 16

A LOOK AHEAD 18

2019 AUDIT REPORT 19



# Our Mission

*To foster economic development for the benefit of our region and port district, including the cities of Camden, Paulsboro, and Salem, New Jersey.*

# Our Impact

The SJPC is a pillar of the Delaware River maritime economy and a \$77.6 billion economic engine supporting 191,000 jobs across three states. The SJPC and the 40+ port-related businesses are among Camden's largest employers and taxpayers.



**\$14.8 B**

Regional Economic Impact



**\$14.8 B**

Port Capital Investments

## Job Creation



Supports 192,000 Jobs

Direct Employment = 124



# HISTORY

*The South Jersey Port Corporation is the offspring of the Delaware Port Commission established by the New Jersey State Legislature on March 10, 1925. The commission's job was to study the maritime assets in southern New Jersey and recommend how best to harness those assets to energize the region's economy.*

# HISTORY (continued)

A year later, the State Legislature enacted the commission's recommendations. It created the South Jersey Port Commission with maritime economic development jurisdiction over the South Jersey Port District.

The commission was tasked with "the duties and power, among others, to lease, erect, construct and maintain port facilities" in the newly created South Jersey Port District comprised of the state's seven southern counties: Camden, Gloucester, Salem, Cumberland, Burlington, Cape May and Mercer.

In 1968, responding to the closing of the New York Shipbuilding Corporation in south Camden, the legislature reorganized the South Jersey Port Commission as the South Jersey Port Corporation to convert the shipyard, with its massive ship-ways and buildings, into a deep-water marine terminal. As with its predecessor, the Port Corporation's port development mission and bonds, are supported by the "full faith and credit of the State of New Jersey."

With support of the state, the SJPC has grown from one marine terminal in the City of Camden to four terminals throughout the district: the former shipyard as Broadway Marine Terminal; the former Camden Municipal Marine terminal, now the Balzano Marine Terminal; the Salem Marine Terminal; and our new Paulsboro Marine Terminal.

With the Camden terminals at full capacity, the Port Corporation began the development of the Paulsboro Marine Terminal in 2007. It was the first new general cargo port to be developed along the Delaware River in 50 years and opened for business in March of 2017.



## Did you know?

*The Broadway Marine Terminal opened in 1877 as the NY Ship Building Yard and employed 47,000 workers who built ships for WWII.*

# OUR TEAM - BOARD OF DIRECTORS



Chairman  
Richard A. Alaimo  
Burlington County



Director  
Chad M. Bruner  
Gloucester County



Director  
Christopher Chianese  
Treasurer's Designee



Director  
Robert A. DeAngelo, Sr.  
City of Paulsboro



Director  
Jonathon S. Gershen  
Mercer County



Director  
Joseph A. Maressa, Jr.  
Camden County



Director  
Eric E. Martins  
Mercer County



Director  
Sheila F. Roberts  
City of Camden



Director  
Elizabeth Maher Muoio  
NJ State Treasurer



Director  
Rev. Carl E. Styles  
Cumberland County

*The Board of the South Jersey Port Corporation includes members from the Camden/ Gloucester subdistrict; the Burlington/ Mercer subdistrict; the Cape May/ Cumberland/ Salem subdistrict; the Borough of Paulsboro; the City of Camden; and the Treasurer or designee of the State of New Jersey as a permanent ex-officio member.*

# OUR TEAM - EMPLOYEES



## OUR PEOPLE POWER OUR PORT TO SUCCESS



Our Customer-Focused Team is what makes South Jersey Ports stand out. It's the team on the docks, in the warehouses, in the offices and in transit sheds who deliver 24/7, 365 days a year– in all sorts of weather extremes– on our commitment to our customers, tenants and partners.

It's our security force that maintains the safety and integrity of our marine terminals and it's our skilled crew who keep our fleet of forklifts, cargo-handlers, cranes, vehicles and generators humming and cargo safely flowing. They are always customer-focused.



It's our accounting, financial and clerical staff who process paperwork crucial to our customers' needs. They realize that nothing moves without the proper documentation and approvals. They are focused on accuracy, compliance and are always timely in their transactions.

All of the employees at the port play a critical role in the everyday operations and our success. They are the stewards that drive customer satisfaction.

# 2019 EMPLOYEES



Andy Saporito  
Executive Director & CEO



Bruno N. Cellucci, CPA, Assistant  
Executive Director/CFO



George Englehardt  
Facilities Engineer

Daniel F. Aaron  
David Acevedo  
Robert Albanese  
Michael Anderson  
Stephen Anderson  
Kevin Armstrong  
Jonathan Atwood  
Rasheem Bailey  
Robert Bak  
Eddie W. Bell  
Steven A. Bell  
Robert F. Bessing  
Michael Bosco  
Anthony Boyzigies  
John Bowyer  
Patrick R. Boyle  
Robert Britland  
David Buffetta  
Joseph Burleigh  
Carl Burt  
Manuel R. Cachu  
Nicholas Capaldi  
Albert Celeste  
Anthony R. Colavita  
Urban Cooper  
Kenneth E. Cosby  
Kevin Costello  
Douglas Crowe  
Lukasz Czajka  
Wieslaw Czajka  
Vincent D'Alessio Jr.

Timothy J. D'Amico  
Victoria D' Amico  
Ronald Daniels  
John David  
Michael Deliberis  
Joseph P. Deluca  
William R. Deluca III  
Jeffrey Dick  
Christopher DiFabio  
Louis Ditomaso  
Athina Efelis  
Stephen Endres  
Christopher Engel  
Jeffrey Exavier  
Donell Farrish  
Earl Farrish  
Paul Flanigan  
Darius Flewellen  
Christopher Forjohn  
Raymond Gallagher  
John Gentile  
Alvin Gindhart  
Oanh Glanz  
Kevin Greenjack  
Robert Guff  
Chevy Hague  
Patrick J. Haley  
Jesse Hamrick  
Karol R. Hoffman  
Rose Hope

Timothy Ingram  
Angela Jack  
Robert J. Jack  
Thomas Johnson  
Pawel Kasprzak  
Joseph Knecht  
William Kelley  
Leonard Korte  
George A. Kuesel III  
Herbert Lambert  
Michael E. Lang  
Walter Laurer  
David Lenhart  
Edward Loatman  
Edward Luedtke  
Panteleimon Mastalos  
Rosemarie McBride  
Christopher McCormick  
Roy McCormick IV  
David McGoldrick  
Sylvester McKenzie  
William H. Means  
Douglas L. Miller  
David Mitchell  
Shaun Mojica  
Shaun Monk  
Clifton Moragne  
George (Greg) Mortimer  
Francesco Nestore  
Frank Nestore

Jesse Newcomb  
Shawn Norman  
Lien Nguyen  
Joseph O'Leary  
Juan A. Pena  
Antonio Pimpinella  
Joseph Puglia  
Robert W. Purcell  
Kevin Redd  
David Rivera  
Luis Rivera  
Thomas Robinson  
Thomas Rogers  
Kenneth Rossi  
Ricky Santiago  
Gary Schreyer  
Stephen Scott  
Richard Sewekow  
Carl Siegfried  
Edward Smith  
Russel Sockwell  
Mark Stang  
John R. Striewski  
Harry Trump  
Robert Van Fossen  
Michael L. Vindick  
Brett Walker  
Brian Wiegand  
Robert A. Weyand Jr.  
Andrew Wojcik  
Noe Yax-Santos

# JOSEPH A. BALZANO MARINE TERMINAL



*Joseph A. Balzano Terminal is a one-stop, full-service breakbulk facility that handles steel, project cargo, wood products, cocoa beans, recycled materials, and other bulk cargoes. The facility features excellent highway and rail connections via CSX, NS, and Conrail and meets the needs of customers in an efficient, expert, and cost-effective manner.*

LOCATION:	CAMDEN, NEW JERSEY
CARGO HANDLING CAPABILITIES:	ALL TYPES OF BULK, BREAKBULK, CONTAINER, AND RORO.
AREA:	122 ACRES (49 HA)
BERTHS:	4: 2,655 LF (701 M)
DEPTH AT MLW:	35 FT (10.7 M) TO 40 FT (12.2 M)
STORAGE CAPACITY:	1,168,441 SF (108,591 SQ/M)
HEAVY LIFT CRANES:	ONE MULTI-PURPOSE KOCKS BULK/CONTAINER CRANE, 95 T (86 MT); ONE GENERAL-PURPOSE PACECO CARGO/CONTAINER CRANE, 35 T (31 MT)
DIRECT TRANSFER:	DIRECT TO AND FROM TRUCK/RAIL/VESSEL
TRUCK GATES:	BALZANO BOULEVARD MAIN GATE; 6 STORAGE AREA GATES
HIGHWAY ACCESS:	DIRECT ACCESS TO I-676, I-76, US RT.130, AND I-295
RAIL CONNECTIONS:	CSX, NS, AND CONRAIL RAIL SYSTEMS WITH INTEGRATED ON-DOCK RAIL INFRASTRUCTURE
OTHER FEATURES:	FOOD GRADE WAREHOUSING; ALL WAREHOUSES AND SHEDS SERVED BY RAIL; INNOVATIVE DIRECT DISCHARGE FOR BULK CARGOES; CUSTOM CARGO CARRIERS FOR DIRECT DISCHARGE TO STORAGE; ALL-WEATHER LOADING



# BROADWAY TERMINAL

*While ably handling all types of breakbulk and bulk cargoes, the Broadway Marine Terminal is also a bustling industrial park with multiple maritime business-related tenants making Camden their home. Trucking companies, stevedores, tug companies, manufacturers, ship handlers, and a host of other businesses make the facility an efficient and successful place to do business and to ship cargo.*

LOCATION:	CAMDEN, NEW JERSEY
CARGO HANDLING CAPABILITIES:	ALL TYPES OF BULK, BREAKBULK, CONTAINER, AND RORO.
AREA:	140 ACRES (57 HA) (BROADWAY & PIER 5)
BERTHS:	PIER 1 — 900 LF (274 M)   PIER 1A — 850 LF (259 M)
DEPTH AT MLW:	PIER 1 — 32 FT (9.7M)   PIER 1A — 40 FT (12.2M)
STORAGE:	1 MILLION SQ/FT (104,794 SQ/M)
CRANES:	MULTI-PURPOSE KOCKS CONTAINER STYLE ELECTRIC — 95 T (86 MT)
HIGHWAY ACCESS:	DIRECT TO I-676, I-76, US RT.130 AND I-295
RAIL:	CSX, NS AND CONRAIL SYSTEMS
OTHER FEATURES:	FULL-SERVICE FACILITY FOR BREAKBULK, BULK AND CONTAINERIZED CARGOES
TARIFF:	GOVERNED BY PORT OF PHILADELPHIA MARINE TERMINAL ASSOCIATION TARIFF OR THE SOUTH JERSEY PORT CORPORATION TARIFF
OPERATOR:	SOUTH JERSEY PORT CORPORATION MANAGES TERMINAL, SHIP LABOR IS THROUGH PMTA STEVEDORES.



# BROADWAY PIER 5

*Broadway Pier 5 is leased by Camden Waterfront, LLC and operated by Southport Distribution. Both companies are part of the Holt Logistics family of companies.*

LOCATION:	CAMDEN, NEW JERSEY
OWNER:	SOUTH JERSEY PORT CORPORATION
LESSEE:	CAMDEN WATERFRONT, LLC
CARGO HANDLING CAPABILITIES:	ALL TYPES OF BULK, BREAKBULK, CONTAINER, AND RORO
BERTHS:	1 BERTH: 1,135 LF (345 M)
DEPTH AT MLW:	35 FT (10.7 M)
REEFER PLUGS:	100
STORAGE CAPACITY:	(207,000 FT <sup>2</sup> )
HIGHWAY ACCESS:	DIRECT TO I-676, I-76, US RT. 130 & I-295
RAIL CONNECTIONS:	CSX, NS AND CONRAIL SYSTEMS
OTHER FEATURES:	PIER 5 OFFERS A LARGE 1,135-FOOT BERTH AND OVER 200,000 SQUARE FEET OF FOOD-GRADE REFRIGERATED SPACE ON THE NEW JERSEY SIDE OF THE DELAWARE RIVER. THIS FACILITY SPECIALIZES IN STEVEDORING BREAK-BULK FOOD CONTAINERS AND OTHER FOOD SERVICES INCLUDING THE BAGGING, PACKAGING, AND RESTYLING OF FRUIT.



# PAULSBORO MARINE TERMINAL



*The Paulsboro Marine Terminal takes the efficiency of handling bulk steel cargoes to an unprecedented level. Currently handling around one million tons of steel product each year, the terminal is located directly across from Philadelphia International Airport and has direct access to Interstate 295 and three Class I Freight Railroads.*

LOCATION:	PAULSBORO, NEW JERSEY
CARGO HANDLING CAPABILITIES:	ALL TYPES OF BULK, BREAKBULK, CONTAINER, AND RORO
AREA:	190 ACRES (77 HA)
BERTHS:	3 BERTHS (3,200 FT   975 M)
DEPTH AT MLW:	45 FT (13.7 M)
HIGHWAY ACCESS:	DIRECT ONE-MILE, LIMITED-ACCESS ROADWAY TO I-295
RAIL:	21,000 FT OF RAIL TRACK ON PREMISE CSX AND NS VIA CONRAIL
OPERATOR:	HOLT LOGISTICS, LLC
OTHER FEATURES:	ONGOING INVESTMENT AND EXPANSION

# SALEM MARINE TERMINAL



*A port of entry since 1682, this SJPC terminal in Salem, New Jersey, is one of the oldest ports on the East Coast. The port handles sand and gravel and various dry bulks.*

LOCATION:	SALEM, NEW JERSEY
CARGO HANDLING CAPABILITIES:	ALL TYPES OF BULK, BREAKBULK, CONTAINER, AND RORO
AREA:	28 ACRES
BERTHS:	1:350 LF (106.68 M)   130 FT. (39.62 M) SHEATHED
DEPTH AT MLW:	16.5 (5 M)
STORAGE CAPACITY:	60,000 SQ/FT (5,574 SQ/M) OF SHED AND WAREHOUSE SPACE
HIGHWAY ACCESS:	DIRECT ACCESS TO RT. 49, RT. 45 WITH ACCESS TO US 130, I-295 AND NJ TURNPIKE
RAIL CONNECTIONS:	CSX, NS, AND CONRAIL RAIL SYSTEMS WITH INTEGRATED ON-DOCK RAIL INFRASTRUCTURE
TERMINAL OPERATOR:	EASTERN CONCRETE. LABOR IS MANAGED THROUGH THE CITY OF SALEM MUNICIPAL PORT AUTHORITY
SPECIAL FEATURES:	THE PORT OF SALEM IS DESIGNATED AS FOREIGN TRADE ZONE NO. 142 IN COMBINATION WITH NEARBY MILLVILLE EXECUTIVE AIRPORT

# 2019 TENANTS

The SJPC offers one of the most viable, cost-effective options in the southern New Jersey and Delaware River Valley regions for businesses that trade, ship, process or distribute maritime-dependent cargoes and products. Tenants of the South Jersey Port Corporation make the Port of Camden a vital and vibrant center of diverse commerce, manufacturing, trade and transport.

## **APL-60**

**AP Construction**

**Belinda Downer-Davis**

**Camden Plant Holdings**

**Camden County Dept. of Corrections**

**Camden International Commodities Terminal**

**Camden Iron & Metal**

**Camden Yards Steel**

**Central Metals**

**Commerce Construction**

**D & M Transportation Services**

**Delaware River Stevedores**

**Delaware Ship Supply Co., Inc.**

**Camden Waterfront Development**

## **Federal Warehousing & Distribution, Inc.**

**Fullline Trailer –Champion**

**Harry Wilson Welding**

**Essroc – Italcementi Group**

**Industrial Commercial**

**Joseph Oat Corporation**

**Mid-Atlantic Salt**

**Mid-Atlantic Shipping (Salem)**

**National Docks (Salem)**

**Nutsco**

**Seamen's Church Institute**

**State Metals**

**Tri-State Bulk Handling, Inc.**

**United Promise**

# 2019 HIGHLIGHTS



## Dredging Project Restores Depth at Camden Terminals

Maintenance dredging was completed for berths at Balzano and Broadway Terminals, both in Camden. Carried out by Weeks Marine, the dredging made all berths navigable to their certified depths of between 30 and 40 feet.

## Port Kicks Off Environmental Planning

Port officials kicked off an environmental management planning process in 2019 for all port terminals. The plan will outline current activities to comply with environmental rules and regulations and additional sustainability practices. The goal is to provide employees with a guide to follow as part of their normal routines and includes measures such as dust control to prevent material from blowing into adjacent neighborhoods, stormwater management, pollution reductions, and increased housekeeping and maintenance at all of our properties. We are also planning to place spill response trailers at both the Balzano and Broadway Terminals stocked with necessary supplies to stop and immediately clean-up any spills that occur on our property. We will continue to update our board as we implement these and other environmental measures over the next several years.



Tree planting along SJPC Property in Camden City

## SJPC Celebrated 50th Anniversary with Customer and Employee Appreciation Event



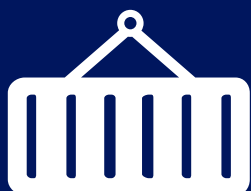
# 2019 BY THE NUMBERS



**4 TERMINALS**  
**3 MUNICIPALITIES**  
**40+ TENANTS**

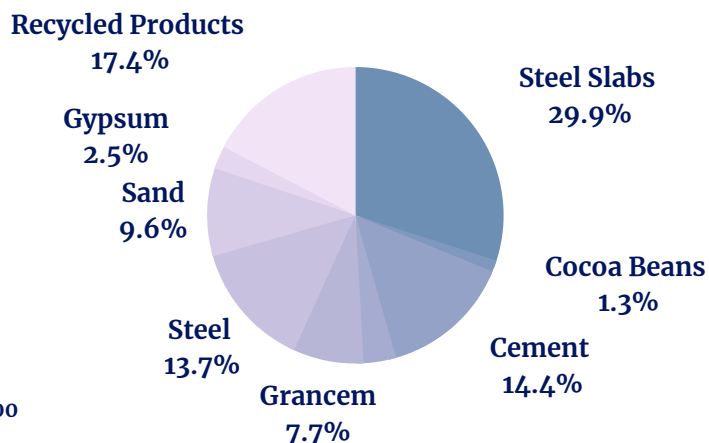
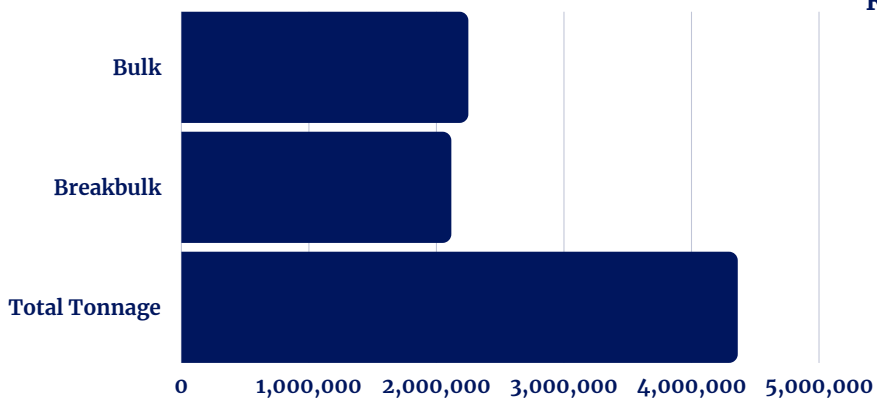


**246**  
Ship Calls in 2019



**4 M**  
Tons of Cargo passed  
through SJPC in 2019

## Cargo Tonnage



# A MESSAGE FROM OUR CEO



A half-century of success is in the SJPC's rearview mirror and is a launching pad for our next half-century and beyond. I am grateful to have the opportunity to lead the South Jersey Port Corporation and its dedicated employees into the next 50 years. As I embark on this new challenge, I am committed to continuing to build and support the already excellent team at the South Jersey Port Corporation.

The State of New Jersey created the South Jersey Port Corporation to spur economic development and create and sustain jobs by developing the deep-water port assets of southern New Jersey into today's international seaports and job creation and economic investment will remain our focus in 2020 and beyond.

I will work with our team to build on our past successes and create brand-new successes with input from our customers, tenants, stakeholders, and employees. I am committed to developing a new vision over the next several months to increase port business, investments, and new jobs for our future.

Our strategies and plans must be customer-focused and adapt to the always-changing ebbs and flows of the international trade markets. We will continually strive to adapt and update our facilities, equipment, our workforce, and business model to meet and exceed market demands. We cannot base our future on any one customer or business sector. Much like a prudent financial portfolio, we have to plan to develop a diverse mix of customers, partners, and business opportunities.

Lastly, our new Paulsboro Marine Terminal is now a portal of increased opportunity. Paulsboro, along with our other terminals, will soon be New Jersey's epicenter to supply materials for the construction industry and support massive wind energy farms off the Atlantic seaboard. That opens the door for a host of exciting opportunities for alternative energy, environmental benefits, and jobs.

A handwritten signature in dark ink that reads "Andrew Saporito". The signature is fluid and cursive.

**ANDREW SAPORITO**  
Executive Director & CEO



**Governor  
Phil Murphy**



**Lieutenant Governor  
Sheila Y. Oliver**

**EXECUTIVE ORDER #37 (2006)  
Certification of Annual Audit for Year Ending 2019**

WE ARE PLEASED TO PRESENT this report containing a record of the significant actions taken by the Port Corporation in 2019; these actions detail the success the Port Corporation has achieved in growing its business on behalf of the State of New Jersey and its citizens during the year 2019. In addition, in accordance with Executive Order #37 (2006), we certify that, to the best of our knowledge, the information provided to the auditor in connection with this annual audit and contained in the attached report is accurate, and to the best of our knowledge, fairly represents the financial condition of the South Jersey Port Corporation for the year ending December 31, 2019.

The following senior staff members hereby certify that during the preceding year the Corporation has, to the best of our knowledge, followed all of the Corporation's standards, procedures and internal controls. Approval of this audit report has been made by the Board of Directors and an electronic version has been posted on the Corporation's website, [www.SouthJerseyPort.com](http://www.SouthJerseyPort.com).

A handwritten signature in cursive script that reads "Andrew Saporito".

**Andrew Saporito, Executive Director & CEO**

A handwritten signature in cursive script that reads "Bruno N. Cellucci".

**Bruno N. Cellucci, CPA, Assistant Executive Director/CFO**

**SOUTH JERSEY PORT CORPORATION**  
**AUDIT REPORT**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2019 AND 2018**



# **SOUTH JERSEY PORT CORPORATION**

## **CONTENTS**

Board of Directors

	<b>PAGE</b>
Independent Auditor's Report	1
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	5
<b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis	7
<b>Basic Financial Statements</b>	<b>Exhibit</b>
Statement of Net Position	A-1
Statement of Revenues, Expenses & Changes In Net Position	A-2
Statement of Cash Flows	A-3
Notes to Financial Statements	25
<b>Required Supplementary Information – Part II</b>	
	<b>Schedule</b>
Schedule of Operating Revenues and Expenses Actual compared to Budget	1
<b>Supplementary Schedules</b>	
Schedule of Net Position	2
Schedule of Changes in Net Position – All Accounts	3
Schedule of the Corporation's Proportionate Share of the Net Pension Liability – PERS	4
Schedule of the Corporation's Contributions – PERS	5
Schedule of Proportionate Share of The Net OPEB Liability and Related Ratios	6
<b>Required Supplementary Information – Part III</b>	
Notes to the Required Supplementary Information	77

# **SOUTH JERSEY PORT CORPORATION**

## **CONTENTS (Continued)**

	<b>PAGE</b>
<b>Single Audit Section</b>	
Independent Auditor's Report on Compliance with Requirements for Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance And New Jersey OMB Circular 15-08	79
Schedule of Expenditures of Federal Awards – Schedule A	83
Notes to the Schedule of Expenditures of Federal and State Awards	84
Schedule of Findings & Questioned Costs	86
Summary of Prior Year Findings	86

\*\*\*\*\*

**SOUTH JERSEY PORT CORPORATION**

**BOARD OF DIRECTORS**

**AT DECEMBER 31, 2019**

Richard A. Alaimo, Chairman  
Subdistrict 1 (Burlington)

Chad Bruner  
Subdistrict 2 (Gloucester)

Robert DeAngelo  
Subdistrict 2 (Gloucester/Borough of Paulsboro)

Jonathan S. Gershen  
Subdistrict 1 (Mercer)

Joseph Maressa, Jr.  
Subdistrict 2 (Camden)

Eric Martins  
Subdistrict 1 (Mercer)

Vacancy  
Subdistrict 2 (Camden)

Sheila Roberts  
Subdistrict 2 (Camden/City of Camden)

Carl E. Styles  
Subdistrict 3 (Salem)

Vacancy  
Subdistrict 3 (Salem, Cape May or Cumberland)

Christopher Chianese  
State Treasurer Designee



**SOUTH JERSEY PORT CORPORATION**  
**(A Component Unit of the State of New Jersey)**

**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**





BRENT W. LEE & CO., LLC  
Certified Public Accounting Firm

## INDEPENDENT AUDITOR'S REPORT

Board of Directors of the  
South Jersey Port Corporation  
County of Camden  
101 Joseph A. Balzano Boulevard  
Camden, New Jersey 08103

I have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of the South Jersey Port Corporation, a component unit of the State of New Jersey, in the County of Camden, State of New Jersey, as of and for the fiscal years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Corporation'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the aggregate remaining fund information of the South Jersey Port Corporation as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information, as listed on the table of contents, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Jersey Port Corporation's basic financial statements. The Introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and

other additional procedures in accordance with auditing standard generally accepted in the United States of America. In my opinion the combining and individual non-major financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued a report dated June 30, 2020 on my consideration of the South Jersey Port Corporation's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Respectfully submitted,

Brent W. Lee  
Certified Public Accountant

Cinnaminson, New Jersey  
July 13, 2020

Page Intentionally Left Blank



BRENT W. LEE & CO., LLC  
Certified Public Accounting Firm

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

Board of Directors of the  
South Jersey Port Corporation  
County of Camden  
Camden, New Jersey 08103

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the South Jersey Port Corporation, in the County of Camden, State of New Jersey as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise South Jersey Port Corporation's basic financial statements, and have issued my report thereon dated July 13, 2020.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the South Jersey Port Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Jersey Port Corporation's internal control. Accordingly, I do not express an opinion on the effectiveness of the South Jersey Port Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency*, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the South Jersey Port Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Brent W. Lee  
Certified Public Accountant

Cinnaminson, New Jersey  
July 13, 2020

## **REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Management's Discussion and Analysis



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### UNAUDITED

Pursuant to the requirements of Governmental Accounting Standards Board (GASB) 34, the management of the South Jersey Port Corporation (the Port) offers the readers of the Port's financial statements a narrative overview and analysis of the activities of the Port for the fiscal period ending December 31, 2019.

#### **General Port Overview**

The South Jersey Port Corporation was created by NJ State Chapter 11A Statutes 12:11A-1 to 12:11A-23 to operate marine shipping terminals in the South Jersey district consisting of the counties of Mercer, Burlington, Camden, Gloucester, Salem, Cumberland and Cape May.

The Port Corporation operates the Joseph A. Balzano Marine Terminal and Broadway Terminal facilities in the City of Camden, the Port of Salem in the City of Salem and the Paulsboro Marine Terminal in Paulsboro, NJ. The Port Corporation reports to the State of New Jersey through the Department of the Treasury.

The South Jersey Port Corporation is the choice destination for shippers world-wide, as a leader in handling break-bulk and bulk cargoes, and as a model agency in developing public/private enterprise relationships.

The South Jersey Port Corporation has completed Phase I of the development of a new marine terminal in Gloucester County, New Jersey. In conjunction with the Gloucester County Improvement Authority (GCIA), the Port is redeveloping the former 130-acre British Petroleum (BP) Oil Terminal and an adjacent 60-acre former Essex Industrial Chemicals, Inc. (Essex) into a new, deep-water marine terminal with associated processing, distribution, assembly and intermodal operations that will be known as the Paulsboro Marine Terminal project. This project is being funded by SJPC marine terminal revenue bonds. Direct vehicular and truck access from Interstate 295 to the terminal will be provided via a new two-lane, public access road and bridge structure constructed over Mantua Creek. The access road and bridge project is being funded by a grant agreement between the NJ Department of Transportation, Gloucester County and the GCIA.

The Port of Paulsboro site is located along the Delaware River at River Mile (RM) 90 in the Borough of Paulsboro, New Jersey, which is directly across the river from the Philadelphia International Airport.

The terminal site is bordered by the Delaware River to the north; Mantua Creek to the east; residential neighborhoods to the west; and a combination of developed and non-developed land to the south. Access to the Delaware River's main channel is direct and without obstacle. Phase I project elements include a single berth pile supported wharf, site development and improvements including dredging and fill material placement, as well as the creation of an approximately 20-acre tidal wetlands mitigation site at a former dredged material management facility known as the Delaware River Equestrian, Agricultural and Marine Park, (i.e. DREAM Park), which is operated by the GCIA.

The Corporation has funded Phase I of the Paulsboro Marine Terminal Project with proceeds of the Series 2009 P Bonds, as well as a portion of the proceeds of the Series 2007 N Bonds and the Series 2008 O Bonds. The aggregate amount of Bonds issued for the Paulsboro Marine Terminal Project is \$176,737,986.

The Corporation has negotiated a lease agreement with Holt Logistics Corporation (Paulsboro Waterfront Development, LLC) to serve as the terminal operator for the Paulsboro Marine Terminal that shall house private operations, which in turn is expected to generate revenues for the Corporation.

This public-private partnership is already paying dividends as Paulsboro has become the prime port of call for NLMK USA. A 50-acre dockside parcel at Paulsboro Marine Terminal has been dedicated to the import of steel slabs for NLMK USA, one of the leading suppliers of steel products in the US. NLMK USA will use the Paulsboro Marine Terminal as a prime port to import steel slabs for rail shipment for distribution throughout North America.

The first ships were received at the Paulsboro Marine Terminal in March 2017.

The opening of the Paulsboro Marine Terminal marks the completion of Phase I and the beginning of a continued expansion to grow water-borne cargo business. Phase II will extend the wharf to 2,200 feet to accommodate up to four ships, a 500-foot barge berth and upland improvements to accommodate future cargo customer needs.

Approximately 4.01 million tons of cargo passed through the Port Corporation's facilities in 2019. Promoting economic development, enhancing intermodal facilities, and partnering with private businesses are the roles the Port Corporation firmly embodies, as is its mission of job growth and port development.

The corporation board consists of 11 members: the State Treasurer, ex-officio, or the Treasurer's designated representative, who shall be a voting member of the corporation, and ten (10) public members, each of whom shall be a resident of the port district. The Port District is comprised of seven counties: Mercer, Burlington, Camden, Gloucester, Salem, Cape May and Cumberland. There are three sub-districts. Sub-district 1 Mercer and Burlington Counties shall be represented by three (3) public members with at least one (1) of whom shall be appointed from each county within this sub-district. Sub-district 2 is Camden and Gloucester Counties they shall be represented by five (5) public members with at least three (3) public members shall be appointed from Camden County of which one (1) of the appointed Camden County members shall be appointed from the City of Camden. At least one (1) of the public members of the sub-district shall be appointed from the Borough of Paulsboro. Sub-district 3 is Salem, Cape May and Cumberland Counties and shall be represented by two (2) public members. The requisite qualification is that each member must reside within the port district and they are appointed to represent for at least three (3) years preceding their appointment. Public members serve a term of five (5) years and shall serve until their successor is appointed and qualified. Each member of the corporation before entering upon their duties shall take and subscribe an oath to perform the duties of their office faithfully, impartially and justly to the best of their ability. A record of such oath shall be filed in the office of the Secretary of State. Any vacancies in the appointed membership of the corporation occurring other than by expiration of term shall be filled in the same manner as the original appointment, but for the unexpired term only.

### **Financial Highlights**

On December 1, 2002 the Port restructured its long term debt by refunding its Marine Terminal Revenue Bonds. It issued two new Series of Bonds totaling \$121,325,000. On October 16, 2003 the Port issued an additional \$ 11,305,000 in Marine Terminal Revenue Bonds. The net proceeds of \$11,218,000 were utilized for specific capital projects that have been completed. On November 20, 2007 the Port issued \$11,235,000 in Marine Terminal Bonds, Series N for the purpose of implementing certain capital projects of the Corporation. A majority of these funds were raised to initiate the planning and design of a new marine terminal to be located in Paulsboro, Gloucester County, New Jersey. In addition, cathodic protection and warehouse replacement were part of that issue. The net proceeds from the sale of the Series N Bonds were \$11,122,650.

On January 22, 2009, the Port issued its \$25,885,000 Marine Terminal Revenue Bonds, 2009 Series O Bonds. The majority of these funds funded site work for the Paulsboro Marine Terminal. The Corporation used the balance of the funds for other capital improvements benefitting the Port as well as land acquisition. The net proceeds from the sale of the Series O Bonds were \$23,423,461.

On December 30, 2009, the Port issued \$157,880,000 in Marine Terminal Revenue Bonds, Series P. This series funded the construction of Phase I of the Paulsboro Marine Terminal and related costs. More than \$134.4 million dollars of the Series P Bond proceeds were available for the Paulsboro terminal; which was to include construction of two deep water berths and integrated infrastructure. The balance of the Bond proceeds were used to fund the required Debt Service Reserve, and capitalized interest through January 1, 2011.

On September 27, 2012 the South Jersey Port Corporation issued two Series of refunding bonds; its Series 2012 Q Bonds and 2012 Series R Bonds. The 2012 Series Q Bonds refinanced the Series K Bonds, and the 2012 Series R Bonds refinanced the Series L Bonds. The purpose of these issuances was to realize debt service savings through the refinancing of the callable portion of the Corporation's outstanding bonds. In total \$77,305,000 in principal was refunded with these issuances. Total debt service savings was \$14,824,511, with debt service savings realized in every year of the life of the refunded bonds; although approximately half of the total savings were realized the first two years as per the direction of the State of New Jersey Treasury Department.

On September 29, 2016, the South Jersey Port Corporation issued Marine Terminal Revenue and Revenue Refunding Bonds, Series 2016 S in the aggregate principal amount of \$40,320,000 (the "Series 2016 S Bonds"), consisting of \$33,035,000 Marine Terminal Revenue and Revenue Refunding Bonds, Series 2016 S-1 and \$7,285,000 Marine Terminal Revenue Refunding Bonds, Series 2012 S-2 (AMT). The purpose of the issue was to realize additional capital investment by refinancing the Corporation's the \$7,785,000 outstanding principal amount of its \$11,305,000 Marine Terminal Revenue Bonds, Series 2003 M and the \$9,365,000 outstanding amount of its \$11,235,000 Marine Terminal Revenue Bonds, Series 2007 N and the \$19,770,000 outstanding principal amount of its \$19,770,000 Marine Terminal Revenue Bonds, 2009 Series O Bonds. In total, the Port received \$43,882,071.59 from the sale of the bonds and used \$40,659,432.72 to defease the prior bonds, \$ 237,446.98 for cost of issuance and related expenses and \$2,985,697.09 was made available to undertake additional capital projects at the Port's Camden facilities.

On August 29, 2017, the Corporation finally adopted a new subordinated bond resolution. This resolution precludes the issuance of additional bonds under its existing resolution, with the exception of refunding bonds which may be issued to refund the outstanding bonds summarized above. The Subordinated bond resolution revised and simplified the process for issuing future bond issues by the Corporation and authorized an initial series of bonds with a not to exceed amount of \$255,000,000. On December 5, 2017, the Corporation issued its \$255,000,000 Subordinated Marine Terminal Revenue Bonds, Series 2017, consisting of \$23,860,000 Subordinated Marine Terminal Revenue Bonds, Series 2017A (Tax Exempt) and \$231,140,000 Subordinated Marine Terminal Revenue Bonds, Series 2017B (AMT). The purpose of the issue was to fund completion of the Paulsboro Marine Terminal and undertake needed repairs at facilities within the Camden facilities. In total, the Corporation realized \$271,099,472.62 from the sale of the Series 2017 Bonds, representing the \$255,000,000 principal amount of the Series 2017 Bonds, plus an original issue premium of \$17,229,246.35 and less a Purchaser's discount of \$1,129,773.73. From these amounts, the Corporation allocated these proceeds as follows:

(a) \$22,168,441.96 was deposited to fund the undertaking of the Tax Exempt Projects. "Tax Exempt Projects" mean the following: (i) maintenance dredging at Balzano and Broadway terminals, (ii) reconstruction of connecting bridge over Newton Creek, (iii) environmental remediation and capping of

Corporation property within terminal sites, and (iv) replace underground fire system and utilities within terminal sites;

(b) \$212,815,132.33 was deposited to fund the undertaking of the AMT Projects. "AMT Projects" mean the following; (i) deepening to 45'+2' from Paulsboro Berth to channel, including the removal of approximately 500,000CY of material to be dredged, CDF Disposal; (ii) construction of 600 foot upriver deepwater wharf; (iii) construction/completion of Mantua Creek Berth Connection, approximately 500 foot including bollards, fenders, and dredging to restore to 20 ft depth; (iv) construction/completion of downriver deepwater wharf of approximately 950 linear feet and including remaining Deep Draft Berth, All Infill, Plus Trestles 1 and 3; (v) upland improvements to Paulsboro terminal facility, including installation of pavement subbase, asphalt paving of 57 acres+/-, plus striping, installation of 10,000 feet of terminal fencing, construction of maintenance and repair facility with locker room, construction of Gate Complex (Security, truck and rail interchange), upgrade to sewage pump station and sanitary force main to GCUA, installation of fire hydrants and laterals, construction and installation of high-mast lights and duct banks and completion of terminal rail connections (approximately 2000 feet, plus 4 turnouts) and (iv) upland improvements to Balzano and Broadway terminals, including construct/renovate 100,000 sf warehouse at Broadway Terminal, pier pile repairs, refrigeration system replacement to existing warehouses (195,120 sf) at Pier 5 to extend useful life of system through end of lease and replace fire suppression system with existing warehouses;

(c) \$22,000,000.00 was deposited to satisfy the Debt Reserve Requirement under the Subordinated General Bond Resolution;

(d) \$445,065.00 was deposited to pay the Costs of Issuance for the Series 2017 Bonds;

(e) \$13,670,833.33 was deposited into the Debt Service Fund to pay a portion of the interest due on the Series 2017 Bonds on July 1, 2018 and January 1, 2019; and

(f) \$50,000 was retained until the Corporation receives notice from the State that the Purchaser has satisfied its obligation thereto.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Port's basic financial statements. The Port's basic financial statements comprise four components: 1) Statement of Net Position, 2) Statement of Revenue and Expenses and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements.

The statement of Net Position presents information on all of the Port's assets, liabilities and deferred inflows and outflows, with the difference among them reported as Net Position. Over time, increases or decreases in Net Position, whether read in conjunction with other data, may serve as a useful indicator of whether the financial position of the Port is improving or deteriorating.

The statement of revenues and expenses and changes in Net Position presents information showing how the Port's operations generated revenues and incurred expenses, regardless of the timing of related cash flows.

The statement of cash flows presents information showing the Port's cash receipts and payments during the fiscal period, classified by principal sources and uses, segregated into key elements.

The Notes to the financial statements provide additional information that is essential to have a full understanding of the data provided in the financial statements.

## **Financial Analysis**

Port Assets and Deferred Outflows of Resources exceeded Port Liabilities and Deferred Inflows of Resources by \$13,951,494 at December 31, 2019.

### **Port's Net Position**

<b><u>ASSETS</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Current & Other Assets	\$199,679,312	\$259,897,867
Capital Assets (Net)	391,434,552	362,638,219
<b>Total Assets</b>	<b>591,113,864</b>	<b>622,536,086</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Pension and OPEB Deferred Outflows	2,950,570	5,173,517
Bond Discount, Net of Accumulated Amortization	179,438	188,410
<b>Total Deferred Outflows of Resources</b>	<b>3,130,008</b>	<b>5,361,927</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities	28,849,234	54,064,392
Long-Term Liabilities	508,126,817	527,501,737
<b>Total Liabilities</b>	<b>536,976,051</b>	<b>581,566,129</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Service Concession Arrangements	287,636	410,144
Unrealized Rental Income	9,703,425	9,805,387
Deferred Gain on Bond Refunding	347,826	365,218
Pension and OPEB Deferred Inflows	20,553,970	17,746,959
<b>Total Deferred Inflows of Resources</b>	<b>30,892,857</b>	<b>28,327,708</b>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	20,544,801	9,509,672
Restricted for:		
Reserve for Payment of Debt Service	37,130,337	37,293,188
Reserve for Inventory Supplies	1,332,174	1,340,640
Unrestricted:		
Unreserved	(32,632,348)	(30,139,324)
<b>Total Net Position</b>	<b>\$26,374,964</b>	<b>\$18,004,176</b>

A portion of the Port's Net Position reflects its net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment) less any related debt to acquire those assets that remain outstanding. Currently the amount of \$20,544,801 reflects the current Net Investment in Capital Assets. An additional portion of the Port's Net Position represents resources that are subject to external restrictions on how they may be used. They are used for capital projects, debt service payments, and city and county tax payments. Unrestricted Net Position is available for any Port related use.

## **Port Activities**

### **SOUTH JERSEY PORT CORPORATION STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

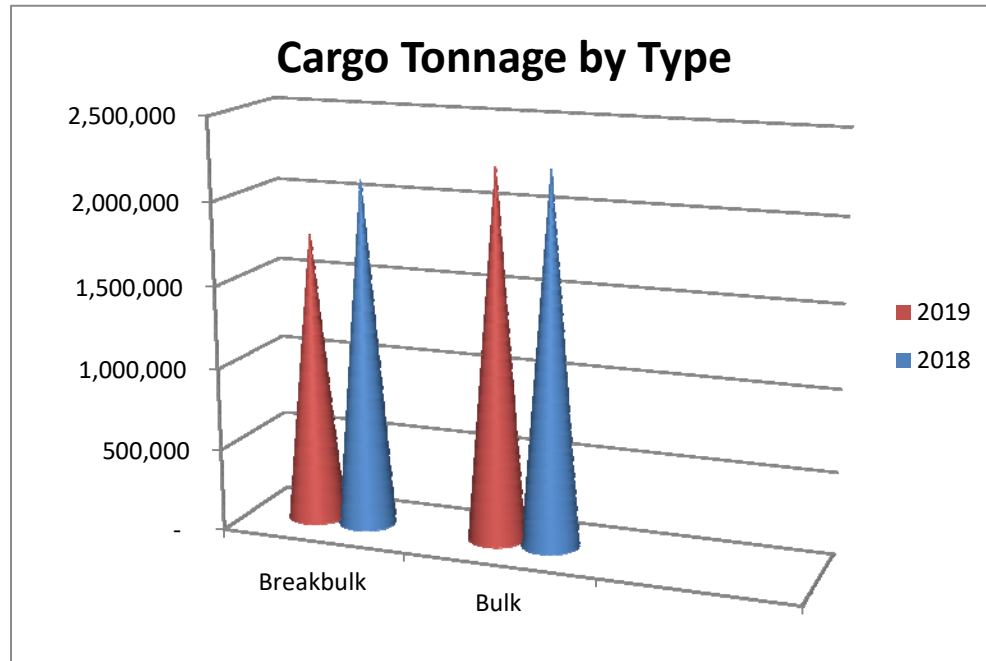
	2019	2018
Operating Revenues:		
Marine Direct	\$20,986,573	\$20,848,264
Marine Related	2,394,907	2,413,962
Other	543,738	291,093
Grant Revenue	4,202,989	3,193,957
Total Operating Revenues	28,128,207	26,747,276
Operating Expenses:		
General Operating	11,054,316	12,416,933
Repairs & Maintenance	1,366,413	1,172,998
General & Administrative	5,477,024	6,235,529
Grant Expenses	4,202,989	3,193,957
Total Operating Expenses	22,100,742	23,019,417
Operating Income Before Other Operating Expenses	6,027,465	3,727,859
Other Operating Expenses:		
Depreciation	8,846,816	8,057,304
Total Other Operating Expenses	8,846,816	8,057,304
Operating Income/(Loss) After Other Operating Expenses	(2,819,351)	(4,329,445)
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	4,155,968	3,461,397
Insurance Proceeds	121,066	
Federal Subsidy Revenue	2,913,708	2,970,692
Amortization Gain on Refunding of Debt	17,391	17,391
Amortization of Bond Discount on Refunding	(8,972)	(8,972)
Amortization of Bond Premium	940,961	1,178,236
Net Change in Developers' Escrow		(165,957)
Net Change in Reserve for Payment of Debt Service	(162,851)	
Unrealized Gain/(Loss) on Investment	381,737	650,357
Cost of Bond Issuance Expenses		(435,096)
Interest Expense	(25,535,678)	(25,921,429)
Net Nonoperating Revenue/(Expenses)	(17,176,670)	(18,253,381)

Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	28,375,275	17,650,000
Camden City PILOT Revenues	4,000,000	4,000,000
Camden City PILOT Expenditures	(4,000,000)	(4,000,000)
Camden County PILOT Revenues	419,000	419,000
Camden County PILOT Expenditures	(419,000)	(419,000)
Salem PILOT Revenues	31,224	31,224
Salem PILOT Expenditures	(31,224)	(31,224)
Paulsboro PILOT Revenues	500,000	500,000
Paulsboro PILOT Expenditures	(500,000)	(500,000)
Gloucester County PILOT Revenues	150,000	150,000
Gloucester County PILOT Expenditures	(150,000)	(150,000)
Change in Inventory of Supplies	(8,466)	63,727
	<hr/>	
Total Operating Transfers	28,366,809	17,713,727
	<hr/>	
Net Income/(Loss) Before Contributions	8,370,788	(4,869,099)
Additions to Capital Contributions		165,957
	<hr/>	
Change in Net Position	8,370,788	(4,703,142)
	<hr/>	
Net Position - Beginning of Year	\$18,004,176	\$22,707,318
	<hr/>	
Net Position - End of Year	\$26,374,964	\$18,004,176
	<hr/>	

Port activity for 2019 resulted in operating income before depreciation and amortization of \$6,027,465.

## **Cargo Tonnage**

The South Jersey Port Corporation activity for 2019 totaled 4,008,271 tons. This is a decrease of approximately 8.04% as compared to 2018.



## **Breakbulk**

Breakbulk activity for 2019 decreased 16.2% when compared to 2018 Port totals.

## **Bulk**

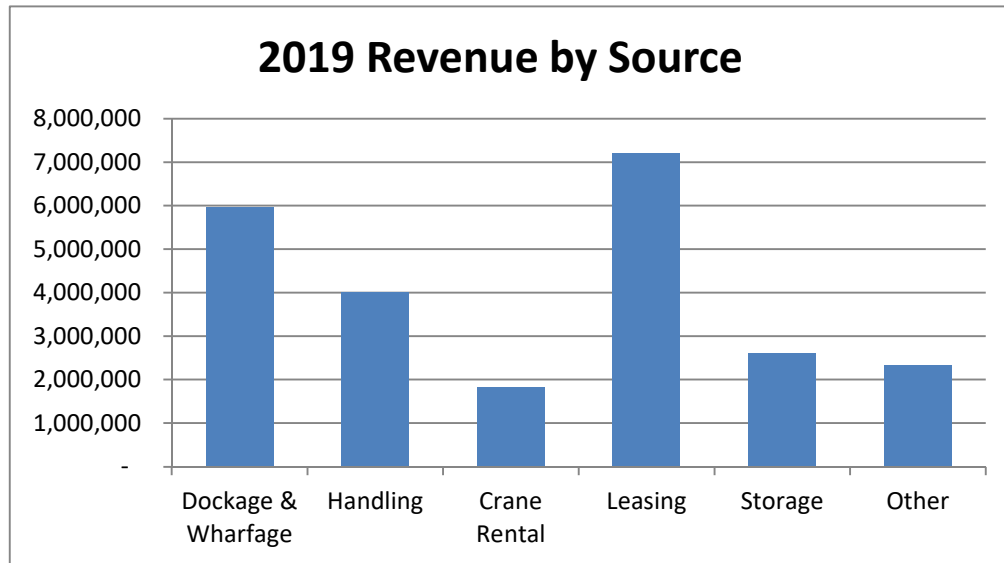
Dry bulk cargoes collectively reached 2,238,720 tons in 2019, which was a .32% decrease over the prior year. Export recycled scrap metals decreased by 2.6% from 2018 while export Grancem® decreased 9.5% and import cement finished down 16.1% from 2018. Other bulk cargo activity resulted from Road Salt, Sand and Gypsum.

## **Other Activity**

Ship calls totaled 246 for the year ended 2019, 44 less than 2018. Ship days in 2019 totaled 670, a decrease of 12.6% from 2018.

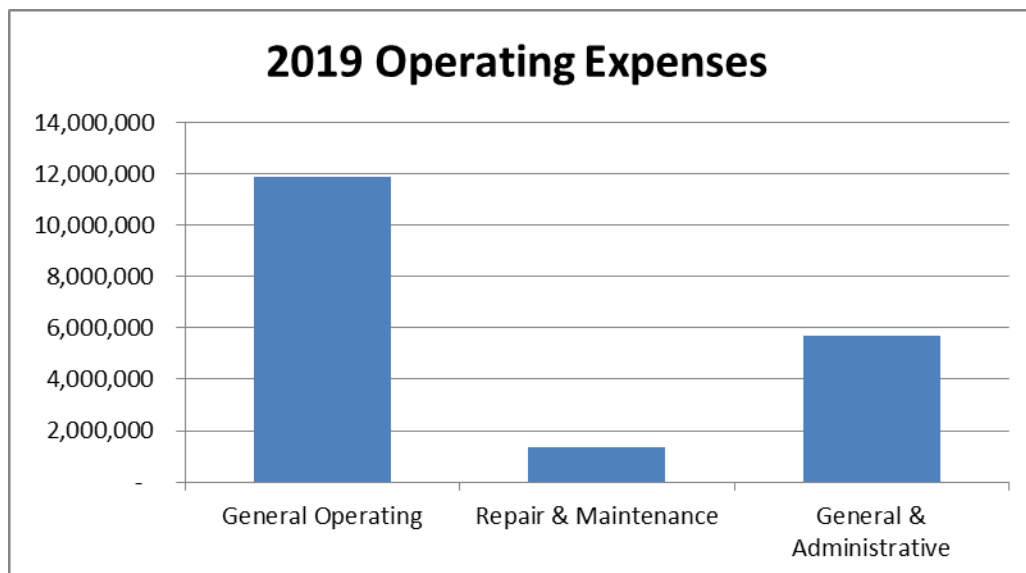
### **Operating Revenues**

The Port Corporation generated \$28,128,207 total in operating revenues in 2019. This represents an overall increase of \$1,380,931 over 2018 totals.



### **Operating Expenses**

Total Corporation operating expenses were \$22,100,742 in 2019, an decrease of \$918,675 when compared to 2018.



### **Capital Assets**

The Port's investment in Capital assets as of December 31, 2019 is \$391,434,552.

The investment in capital assets include land, buildings, piers and berths, and machinery and equipment. Net capital assets increased by \$28,796,333 in 2019 over 2018.

	<b>2019</b>	<b>2018</b>
Land	\$19,177,117	\$19,177,117
Building & Improvements	56,957,178	56,957,178
Land Improvements	284,403,532	284,403,532
Equipment	27,060,179	27,002,458
Engineering & Other	11,636,673	7,203,729
Financing Costs	9,159,938	9,159,938
<b>Subtotal</b>	<b>\$408,394,617</b>	<b>\$403,903,952</b>
Less: Accumulated Depreciation & Amortization	137,305,807	128,402,495
<b>Subtotal</b>	<b>271,088,810</b>	<b>275,501,457</b>
Construction in Progress	120,345,742	87,136,763
<b>Total</b>	<b>\$391,434,552</b>	<b>\$362,638,220</b>

### **Long-Term Debt**

As of December 31, 2019 the Port had accumulated long-term debt of \$493,590,698. This balance is comprised of the following:

	<b><u>Long-Term Debt</u></b>	
	<b>2019</b>	<b>2018</b>
Revenue Bonds	\$478,389,758	\$491,325,719
Capital Lease	571,461	999,775
Net Pension Payable	13,452,879	15,883,939
Early Retirement	1,176,600	1,185,280
<b>Total</b>	<b>\$493,590,698</b>	<b>\$509,394,713</b>

On December 1, 2002 the Port issued Series K \$79,295,000 and Series L \$42,030,000 Marine Terminal and Revenue Refunding Bonds, and on October 16, 2003 the Port issued Series M \$11,305,000 Marine Terminal Revenue Bonds and on November 21, 2007 the Port issued Series N \$11,235,000 Marine Terminal Revenue Bonds. On January 22, 2009, the Port Issued \$25,885,000 in Marine Terminal Bonds, 2012 Series O Bonds. On December 30, 2009 the Port Issued \$157,880,000 in Marine Terminal Revenue Bonds, 2009 Series P Bonds. On September 27, 2012, the Port Issued Series Q&R \$77,305,000 Revenue Refunding Bonds. On September 29, 2016, the Port issued its Marine Terminal Revenue Bonds, Series S, consisting of consisting of \$33,035,000 Marine Terminal Revenue and Revenue Refunding Bonds, Series 2016 S-1 and \$7,285,000 Marine Terminal Revenue Refunding Bonds, Series 2012 S-2. On December 5, 2017, the Corporation issued its \$255,000,000 Subordinated Marine Terminal Revenue Bonds, Series 2017, consisting of \$23,860,000 Subordinated Marine Terminal Revenue Bonds, Series 2017A (Tax Exempt) and \$231,140,000 Subordinated Marine Terminal Revenue Bonds, Series 2017B (AMT).

During 2001 the Port entered into a Capital Lease Agreement with the Delaware River Port Authority in the amount of \$2,000,000 for an electrical substation upgrade at the Broadway Terminal. The terms of the agreement call for the lease to be repaid over 20 years at 0% interest. As of December 31, 2019 the Port has not yet commenced any payments on the Capital Lease.

The Board of Directors of the South Jersey Port Corporation adopted a resolution to allow its eligible employees to participate in the early retirement incentive program in 2003. Eight employees elected to participate in the ERI. Payments for the liability will be spread over 30 years. Each consecutive years payment would increase by 4.00%. The payment schedule incorporates an annual rate of interest equaling 8.25%.

Post retirement benefits are non-pension benefits that a governmental unit has contractually or otherwise agreed to provide employees once they have retired. An actuarially calculated amount is based on demographics of potential retirees, inflation and other factors that are part of determining pension liability. This calculation was done on a 30-year amortization schedule.

This Page Intentionally Left Blank

## **BASIC FINANCIAL STATEMENTS**



**SOUTH JERSEY PORT CORPORATION**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019 AND 2018**

ASSETS	2019	2018
Current Assets:		
Unrestricted Assets:		
Cash & Cash Equivalents	\$10,937,186	9,913,221
Accounts Receivable (Net of Allowance for Doubtful Accounts - \$352,050 in 2019 and \$316,300 in 2018)	1,485,592	1,743,792
Other Accounts Receivable	345,939	
Prepaid Expenses	109,051	175,847
Inventory of Supplies	1,332,174	1,340,640
Total Unrestricted Current Assets	<u>14,209,942</u>	<u>13,173,500</u>
Restricted Assets:		
Cash & Cash Equivalents	96,676,676	72,937,908
Investments	60,064,584	155,979,162
Other Accounts Receivable	352,835	157,297
Due from State of New Jersey	28,375,275	17,650,000
Total Restricted Current Assets	<u>185,469,370</u>	<u>246,724,367</u>
Property, Plant & Equipment (Note 5):		
Completed	399,234,679	394,744,013
Construction in Progress	120,345,742	87,136,763
Bond Financing Costs	9,159,938	9,159,938
Total Property, Plant & Equipment	528,740,359	491,040,714
Less: Accumulated Depreciation & Amortization	<u>137,305,807</u>	<u>128,402,495</u>
Net Property, Plant & Equipment	<u>391,434,552</u>	<u>362,638,219</u>
Total Assets	<u>591,113,864</u>	<u>622,536,086</u>
DEFERRED OUTFLOW OF RESOURCES		
Pension and OPEB Deferred Outflows	2,950,570	5,173,517
Bond Discount, Net of Accumulated Amortization	179,438	188,410
Total Deferred Outflows of Resources	<u>3,130,008</u>	<u>5,361,927</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$594,243,872</u></u>	<u><u>627,898,013</u></u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**SOUTH JERSEY PORT CORPORATION**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019 AND 2018**

LIABILITIES	2019	2018
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	525,030	485,077
Accrued Expenses	189,529	254,552
Payroll Taxes Payable	56,184	54,367
Accrued Vacation Payable	155,362	168,382
Pension Payable	726,239	802,427
Lease Security & Escrow Deposits	225,902	298,959
Total Current Liabilities Payable From Unrestricted Assets	<u>1,878,246</u>	<u>2,063,764</u>
Current Liabilities Payable From Restricted Assets:		
Accrued Interest Payable	12,699,175	12,954,013
Contracts Payable	148,499	25,375,233
Revenue Bonds Payable (Short-Term Portion)	11,995,000	11,640,000
Capital Lease Payable	2,128,314	2,031,382
Total Current Liabilities Payable From Restricted Assets	<u>26,970,988</u>	<u>52,000,628</u>
Long-Term Liabilities:		
Long-Term Liabilities Payable From Unrestricted Assets:		
Early Retirement Payable	1,176,600	1,185,280
Net Pension Payable	12,726,640	15,081,512
OPEB Payable	15,262,358	18,909,451
Total Long-Term Liabilities Payable From Unrestricted Assets	<u>29,165,598</u>	<u>35,176,243</u>
Long-Term Liabilities Payable From Restricted Assets:		
Revenue Bonds Payable (Net of Unamortized Premium)	478,389,758	491,325,719
Capital Lease Payable	571,461	999,775
Total Long-Term Liabilities Payable From Restricted Assets	<u>478,961,219</u>	<u>492,325,494</u>
Total Liabilities	<u>536,976,051</u>	<u>581,566,129</u>
DEFERRED INFLOWS OF RESOURCES		
Service Arrangements	287,636	410,144
Unrealized Rental Income	9,703,425	9,805,387
Gain on Bond Refunding, Net of Accumulated Amortization	347,826	365,218
Pension and OPEB Deferred Inflows	20,553,970	17,746,959
Total Deferred Inflows of Resources	<u>30,892,857</u>	<u>28,327,708</u>
NET POSITION		
Net Investment in Capital Assets	20,544,801	9,509,672
Restricted:		
Reserve for Payment of Debt Service	37,130,337	37,293,188
Reserve for Inventory of Supplies	1,332,174	1,340,640
Unrestricted:		
Unreserved	<u>(32,632,348)</u>	<u>(30,139,324)</u>
Total Net Position	<u>26,374,964</u>	<u>18,004,176</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>594,243,872</u>	<u>627,898,013</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**SOUTH JERSEY PORT CORPORATION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Operating Revenues:		
Marine Direct	\$20,986,573	20,848,264
Marine Related	2,394,907	2,413,962
Other	543,738	291,093
Grant Revenue	4,202,989	3,193,957
	<hr/>	<hr/>
Total Operating Revenues	28,128,207	26,747,276
	<hr/>	<hr/>
Operating Expenses:		
General Operating	11,054,316	12,416,933
Repairs & Maintenance	1,366,413	1,172,998
General & Administrative	5,477,024	6,235,529
Grant Expenses	4,202,989	3,193,957
	<hr/>	<hr/>
Total Operating Expenses	22,100,742	23,019,417
	<hr/>	<hr/>
Operating Income Before Other Operating Expenses	6,027,465	3,727,859
	<hr/>	<hr/>
Other Operating Expenses:		
Depreciation	8,846,816	8,057,304
	<hr/>	<hr/>
Total Other Operating Expenses	8,846,816	8,057,304
	<hr/>	<hr/>
Operating Income/(Loss) After Other Operating Expenses	(2,819,351)	(4,329,445)
	<hr/>	<hr/>
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	4,155,968	3,461,397
Insurance Proceeds	121,066	
Federal Subsidy Revenue	2,913,708	2,970,692
Amortization Gain on Refunding of Debt	17,391	17,391
Amortization of Bond Discount on Refunding	(8,972)	(8,972)
Amortization of Bond Premium	940,961	1,178,236
Net Change in Developers' Escrow		(165,957)
Net Change in Reserve for Payment of Debt Service	(162,851)	
Unrealized Gain/(Loss) on Investment	381,737	650,357
Cost of Bond Issuance Expenses		(435,096)
Interest Expense	(25,535,678)	(25,921,429)
	<hr/>	<hr/>
Net Nonoperating Revenue/(Expenses)	(17,176,670)	(18,253,381)
	<hr/>	<hr/>
Net Income/(Loss) Before Contributions and Transfers	(19,996,021)	(22,582,826)
	<hr/>	<hr/>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**SOUTH JERSEY PORT CORPORATION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	28,375,275	17,650,000
Camden City PILOT Revenues	4,000,000	4,000,000
Camden City PILOT Expenditures	(4,000,000)	(4,000,000)
Camden County PILOT Revenues	419,000	419,000
Camden County PILOT Expenditures	(419,000)	(419,000)
Salem PILOT Revenues	31,224	31,224
Salem PILOT Expenditures	(31,224)	(31,224)
Paulsboro PILOT Revenues	500,000	500,000
Paulsboro PILOT Expenditures	(500,000)	(500,000)
Gloucester County PILOT Revenues	150,000	150,000
Gloucester County PILOT Expenditures	(150,000)	(150,000)
Change in Inventory of Supplies	(8,466)	63,727
	<hr/>	<hr/>
Total Operating Transfers	28,366,809	17,713,727
	<hr/>	<hr/>
Net Income/(Loss) Before Contributions	8,370,788	(4,869,099)
Additions To Capital Contributions		165,957
		<hr/>
Change in Net Position	8,370,788	(4,703,142)
	<hr/>	<hr/>
Net Position - Beginning of Year	18,004,176	22,707,318
	<hr/>	<hr/>
Net Position - End of Year	\$26,374,964	18,004,176
	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**SOUTH JERSEY PORT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Cash Flows From Operating Activities:		
Receipts from Customers	\$27,632,944	36,570,378
Interest Receipts	278,782	238,950
Payments to Employees	(5,349,563)	(5,608,356)
Payments for Employee Benefits	(5,043,264)	(5,277,223)
Payments to Suppliers	(38,328,455)	13,583,638
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(20,809,556)	39,507,387
	<hr/>	<hr/>
Cash Flows From Noncapital Financing Activities:		
Tenant and Developer Escrow Refunds	(73,057)	(165,957)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	(73,057)	(165,957)
	<hr/>	<hr/>
Cash Flows From Capital & Related Financing Activities:		
Acquisition & Construction of Capital Assets	(37,703,766)	(114,593,153)
Capital Lease Payments	(331,382)	
Federal Interest Subsidy	2,913,708	2,970,692
Insurance Proceeds	95,019	
Bond Issuance Expenses	-	(435,096)
Interest Paid on Revenue Bonds	(25,790,516)	(20,696,935)
Principal Paid on Revenue Bonds	(11,640,000)	(11,230,000)
State Aid for Debt Service	17,650,000	14,214,536
Camden City PILOT Revenues	4,000,000	4,000,000
Camden City PILOT Payments	(4,000,000)	(4,000,000)
Camden County PILOT Revenues	419,000	419,000
Camden County PILOT Payment	(419,000)	(419,000)
Paulsboro PILOT Revenues	500,000	500,000
Paulsboro PILOT Expenditures	(500,000)	(500,000)
Gloucester County PILOT Revenues	150,000	150,000
Gloucester County PILOT Payment	(150,000)	(150,000)
Salem PILOT Revenues	31,224	31,224
Salem PILOT Payment	(31,224)	(31,224)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Capital & Related Financing Activities	(54,806,937)	(129,769,956)
	<hr/>	<hr/>
Cash Flows From Investing Activities:		
Unrealized Gain/(Loss) on Investment	381,737	650,357
Interest & Dividends	4,155,968	3,461,397
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities	4,537,705	4,111,754
	<hr/>	<hr/>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**SOUTH JERSEY PORT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Net Increase/(Decrease) in Cash & Cash Equivalents	(71,151,845)	(86,316,772)
Balances - Beginning of Year	238,830,291	325,147,063
Balances - End of Year	<u>\$167,678,446</u>	<u>238,830,291</u>

**Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:**

Operating Income/(Loss)	(\$2,819,351)	(\$4,329,445)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used)		
by Operating Activities:		
Operating Activities:		
Depreciation & Net Amortization	8,846,816	8,057,304
(Increase)/Decrease in Accounts Receivable, Net	(283,277)	10,029,297
(Increase)/Decrease in Prepaid Expenses	66,796	32,755
Increase/(Decrease) in Accounts Payable	(1,071,448)	354,920
Increase/(Decrease) in Accrued Liabilities	(13,020)	(48,661)
Increase/(Decrease) in Contracts Payable	(25,226,734)	25,375,233
Increase/(Decrease) in Early Retirement Payable	(8,680)	(4,236)
Increase/(Decrease) in Pension Payable	(76,188)	
Increase/(Decrease) in Service Arrangements	(122,508)	7,155
Increase/(Decrease) in Unearned Lease Revenue		(9,200,978)
Increase/(Decrease) in Unrealized Rental Income	(101,962)	9,234,043
Total Adjustments	<u>(17,990,205)</u>	<u>43,836,832</u>
Net Cash Provided/(Used) by Operating Activities	<u>(\$20,809,556)</u>	<u>39,507,387</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**



**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 1. Summary of Significant Accounting Policies**

The accompanying financial statements of the South Jersey Port Corporation have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The accounting and financial reporting treatment applied to the South Jersey Port Corporation is determined by its measurement focus. The transactions of the Corporation are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflow of resources and liabilities, deferred inflow of resources associated with the operations are included on the statement of net position. Net position (i.e., total assets and deferred outflow of resources net of total liabilities and deferred inflow of resources) is segregated into net investment in capital assets; restricted for capital activity; restricted for debt service; and unrestricted components.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements:

The following GASB Statements became effective for the year ended December 31, 2019:

Statement 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. Management does not expect this statement to have a material impact on the Corporation's financial statements.

Statement 84, *Fiduciary Activities*. The statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement 84 is effective for the reporting period beginning after December 31, 2018. Management does not expect this statement to have a material impact on the Corporation's financial statements.

Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placement*. The statement will improve financial reporting users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this statement to have a material impact on the Corporation's financial statements.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 1. Summary of Significant Accounting Policies (continued):**

Recently Issued Accounting Pronouncements

The GASB has issued the following statements which will become effective in future fiscal years:

Statement 86, *Accounting for Certain Debt Extinguishment*. Statement 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement 86 is effective for the period beginning after June 15, 2017. Management does not expect this statement to have a material impact on the School District's financial statements. Statement 87, *Leases*. Statement 87 establishes single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing the right to use an underlying asset. Statement 87 is effective for the reporting period beginning after December 15, 2019. Management does not expect this statement to have a material impact on the Corporation's financial statements.

Statement 87, *Leases*. The statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of the financial statements among governments by requiring lessees and lessors to report leases under a single model. Also, the statement will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Management does not expect this statement to have a material impact on the Corporation's financial statements.

Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the Corporation's financial statements.

**Reporting Entity:**

The South Jersey Port Corporation was created by the "South Jersey Port Corporation Act, N.J.S.A. 12:11A", as an instrumentality of the State of New Jersey. The Act conferred upon the Corporation the powers to establish, acquire, construct, rehabilitate, improve, operate and maintain marine terminals in the South Jersey Port district, which includes Mercer, Burlington, Camden, Gloucester, Salem, Cumberland and Cape May counties.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Reporting Entity (continued):**

The South Jersey Port Corporation is a component unit of the State of New Jersey as described in Governmental Accounting Standards Board Statement No. 14 due to the existence of the above stated act, *N.J.S.A.12: 11A*. These financial statements would be either blended or discreetly presented as part of the State of New Jersey's financial statements if the State reported using generally accepted accounting principles applicable to governmental entities.

The operations of the Port are under the directorship of an eleven-member board. The Governor of the State appoints members for a term of five years. The day-to-day operations of the Port are under the administration of the Executive Director with approximately 99 full time employees and 9 part time employees.

The primary criterion for including activities within the Corporation's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ The organization is legally separate (can sue or be sued in their own name);
- ◆ The Corporation holds the corporate powers of the organization;
- ◆ The Governor appoints a voting majority of the organization's board;
- ◆ The Corporation is able to impose its will on the organization;
- ◆ The organization has the potential to impose a financial benefit/burden on the Corporation;
- ◆ There is a fiscal dependency by the organization on the Corporation.

Based on the aforementioned criteria, the Corporation has no component units.

**Accounting Policies and Basis of Presentation**

- a) **Basis of Accounting** - The basic financial statements of the South Jersey Port Corporation have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles.
- b) **Cash Equivalents** - For purposes of the statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with maturity of one year or less to be cash equivalents.
- c) **Investment in Property, Plant and Equipment** – Investment in Property, Plant and Equipment is stated at cost, which generally includes net capitalized interest expense (See Note 5) as well as professional fees incurred during the construction period.

Replacements of Property, Plant and Equipment are recorded at cost. Related costs and accumulated depreciation are removed from the accounts and any gain or loss on disposition is either credited or charged to nonoperating revenues or expenses.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Accounting Policies and Basis of Presentation (continued):**

Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets (See Note 5).

**d) Marine Terminal Revenue Bond Resolution**

The Corporation is subject to the provisions and restrictions of the Marine Terminal Revenue Bond Resolution adopted November 8, 2007, January 29, 2009, December 30, 2009, October 17, 2012, September 29, 2016 and November 16, 2017. The revenues generated by operations are to be distributed monthly based upon the following priorities:

- 1) **Operating Account** - 1/12 of the total appropriated for operating expenses in the annual budget for the current calendar year.
- 2) **Debt Service Account** - such amount necessary to increase the retained earnings to equal the Aggregate Debt Service Requirement. (Interest and principal on the bonds to accrue to the next interest payment date).
- 3) **Debt Reserve Account** - such amount necessary to increase the retained earnings to equal the Debt Reserve Requirement.
- 4) **Maintenance Reserve Account** - such amount necessary to increase the retained earnings to equal the Maintenance Reserve Fund Requirement, which is the amount, budgeted for major renewals, repairs or replacement.
- 5) **Tax Reserve Account** - such amount to increase the balance in the Payment Account to equal the Property Tax Reserve and then such amount to increase the balance in the Reserve Account to equal the tax payments for the current year.
- 6) **General Reserve Account** - such amount that remains after all previously mentioned requirements.

The following is a summary of the functions and activities of each account created by the Bond Resolution:

**Operating Account**

Purpose - to account for all operating revenues and expenditures of the Corporation.

Section 711 of the Bond Resolution states that on or before November 15 in each year, the Corporation shall complete a review of its financial condition for the purpose of estimating whether the rates, rents, fees, charges and other income and receipts from operating the Marine Terminals including investment income will be sufficient to provide for all of the payments and to meet all of the following requirements:

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Operating Account (continued):**

- (a) Operating Expenses during the calendar year, including reserves therefore, provided for in the Annual Budget for such year;
- (b) An amount equal to the Aggregate Debt Service for such calendar year;
- (c) The amount, if any, to be paid during such calendar year into the Debt Reserve Account;
- (d) The amount to be paid during such calendar year into the Maintenance Reserve Account to the extent funds are available; and
- (e) All other charges or liens whatsoever to be paid out of revenues during such calendar year and, to the extent not otherwise provided for, all amounts payable on Subordinated Debt.

Provided, however, in no event shall such rates, rents, fees and charges in any calendar year be less than those sufficient to provide Net Revenues in such year at least equal to 1.10 times the Aggregate Debt Service for such year. The Bond Resolution further states that if the Corporation determines that such revenues may not be sufficient to provide such payments plus principal and interest due or accrued on Consulting Engineers to make a study for the purpose of recommending a schedule of rates, fees and charges for the Marine Terminals which, in the opinion of the Corporation or the Consulting Engineers, will cause sufficient revenues to be collected in the following calendar year to provide funds for all such payments and will cause additional revenues to be collected in such following and later calendar years sufficient to restore the amount of such deficiency at the earliest practicable time.

**Debt Service Account**

Purpose - payment of principal and interest on Marine Terminal Revenue Bonds.

Debt Service payments for 2019 included \$11,640,000 for principal and \$25,653,188 for interest. 2018 included \$11,230,000 for principal and \$20,696,935 for interest. The funds to pay down the debt service were provided from debt service accounts within the Construction Fund for 2018 and 2017.

Purpose - to provide necessary funds to meet debt service obligations should revenues be insufficient.

*N.J.S.A.12:11A-14* provides the following:

"In order to assure the maintenance of the maximum Debt Service Reserve in the South Jersey Port Corporation Reserve Fund, there shall be annually appropriated and paid to the Corporation for deposit in said fund, such sum, if any, as shall be certified by the Chairman of the Corporation to the Governor as necessary to restore said fund to an amount equal to the maximum Debt Service Reserve. The Chairman shall annually, on or before December 1, make and deliver to the Governor his certificate stating the sum, if any, required to restore said fund to the amount aforesaid, and the sum or sums so certified shall be appropriated and paid to the Corporation during the then current State Fiscal Year".

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Debt Service Account (continued):**

The Chairman certified to the Governor that the Port Corporation anticipated it would require State appropriations in the amount \$17,000,000 for Senior Lien Bonds and \$11,375,275 for Subordinate Bonds.

The Reserve Fund Requirement, as established under the terms of the Marine Terminal Bond Resolution dated November 8, 2007, is the highest amount of aggregate debt service payable in any succeeding year, which amount is \$37,130,337.

**Maintenance Reserve Account**

Purpose - to provide funds for major renewals, repairs or replacements essential to restore or prevent physical damage to, or to prevent loss of revenues from the Marine Terminals.

Section 506 of the Bond Resolution, as amended by Section 302 of the Supplemental Bond Resolution, specified that operating revenues shall be deposited to the Maintenance Reserve Account only after meeting the necessary payments to the Operating Account, Debt Service Account, Debt Reserve Account and Rebate Account.

Funds were provided from operating revenue during the years 2019 and 2018 of \$-0- and \$-0- respectively.

**Property Reserve Account**

Purpose is to accumulate proceeds from the sale of land or other property and to use such funds for projects involving the acquisition of real or personal property.

**Tax Reserve Account**

Purpose - for the payments of amounts due to local governments in lieu of property taxes as required by *N.J.S.12:11A-20*.

*N.J.S.A.12:11A-20(b)* provides the following:

"To the end that counties and municipalities may not suffer undue loss of future tax revenue by reason of the acquisition of real property therein by the Corporation, the Corporation is hereby authorized, empowered and directed to enter into agreement or agreements (herein-after called 'tax agreements') with any county or municipality..... whereby it will undertake to pay a fair and reasonable sum or sums..... to compensate the said county or municipality for any loss of such tax revenue by reason of the acquisition of any such property by the Corporation....". *N.J.S.A.12:11A-20* provides the following:

"In order to assure provision of the property tax reserve in said fund, there shall be annually appropriated and paid to the Corporation for deposit in said fund, such sums, if any, as shall be certified by the Chairman of the Corporation to the Governor as then necessary to provide in said fund an amount equal to the property tax reserve. The Chairman shall annually on or before December 1 make and deliver to the Governor his certificate stating the sum if any

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**1. Summary of Significant Accounting Policies (continued):**

**Tax Reserve Account (continued):**

needed to provide in said fund the amount of the property tax reserve as of said date, and the sum or sums so certified shall be appropriated and paid to the Corporation during the then current fiscal year".

During both 2019 and 2018 the State of New Jersey paid to the Corporation \$4,000,000 for Camden City, \$419,000 for Camden County, \$500,000 for Paulsboro Township, \$150,000 for Gloucester County, \$31,224 for Salem City to provide sufficient funds for tax payments.

**General Reserve Account**

Purpose - to accumulate excess revenues, which may subsequently be transferred to other funds to meet deficiencies or for the repayment to the State, amounts paid in discharge of its obligations under the Act, or for any other lawful purpose in connection with the Marine Terminals.

To this date, operating revenues have not been sufficient to provide funds for the General Reserve Account.

**Construction Account**

Purpose is to account for the cost of facilities and maintain a record of the Marine Terminal Revenue Bonds.

The South Jersey Port Corporation has issued various bonds as outlined in Note 7 for the improvement of the port facilities, debt reserve funds and capitalized interest. During 2009 Series O Bonds in the amount of \$25,885,000 and Series P Bonds in the amount of \$157,880,000. In 2012 Series Q Bonds in the amount of \$60,060,000 and Series R in the amount of \$16,050,000 were issued to refund Series Bonds K and L. In 2016 Series S bonds were issued to refund Series Bonds N and O. During 2017 Series A Bonds in the amount of \$23,860,000 and Series B Bonds in the amount of \$231,140,000 were issued and these funds are also still available for approved projects.

With certain exceptions, existing arbitrage laws require a rebate to the federal government of all earnings on the investment of the proceeds of tax-exempt obligations, issued after September 1, 1986, in excess of the yield on such obligations and any income earned on such excess. A portion of past or future interest earnings may be subject to federal rebate. An arbitrage calculation analysis has been performed through January 22, 2020 for such required tax-exempt obligations and it has been determined that no liability is due to the federal government at this time.

**Note 2. Cash & Cash Equivalents**

The Corporation is governed by the deposit and investment limitations of New Jersey state law. The Deposits and Investments held at December 31, 2019 and 2018 are as follows:

# SOUTH JERSEY PORT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

### 2. Cash and Cash Equivalents (continued):

Type	2019 Carrying Value	2018 Carrying Value
<b>Deposits:</b>		
Demand Deposits	<u>\$107,613,862</u>	<u>\$82,851,129</u>
Total Deposits	<u>\$107,613,862</u>	<u>\$82,851,129</u>
<b>Reconciliation of Statement of Net Position:</b>		
Current:		
Unrestricted Assets:		
Cash & Cash Equivalents	\$ 10,613,186	\$ 9,913,221
Restricted Assets:		
Cash & Cash Equivalents	<u>96,676,676</u>	<u>72,937,908</u>
Total	<u>\$107,613,862</u>	<u>\$82,851,129</u>

### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. The Corporation does not have a deposit policy for custodial credit risk. As of December 31, 2019 and 2018, the Corporation's bank balance of \$107,792,573 and \$82,073,749 respectively, was insured or collateralized as follows:

	<u>2019</u>	<u>2018</u>
Insured	\$ 1,164,037	\$ 1,095,840
Collateralized in the Corporation's Name Under GUDPA (See Note 3)	106,228,500	80,586,645
Collateralized not in the Corporation's Name (New Jersey Cash Management Fund)	<u>400,036</u>	<u>391,264</u>
Total	<u>\$107,792,573</u>	<u>\$ 82,073,749</u>

### Note 3. Investments

#### A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Corporation, and are held by either the counterparty or the counterparty's trust department or agent but not in Corporation's name. All of the Corporation's investments are held in the name of the Corporation and are collateralized by GUDPA.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 3. Investments (continued):**

**B. Investment Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Corporation has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2019 and 2018, are provided in the above schedule.

**C. Investment Credit Risk**

The Corporation has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Corporation or bonds or other obligations of the local unit or units within which the Corporation is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Corporation;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities with certain limitations.
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of subsection A herein;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 3. Investments (continued):**

**C. Investment Credit Risk (continued):**

- (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral.
- Any investment instruments in which the security is not physically held by the Corporation shall be covered by a third-party custodial agreement which shall provide for the designation of such investments in the name of the Corporation and prevent unauthorized use of such investments;
  - Purchase of investment securities shall be executed by the "delivery versus payment" method to ensure that securities are either received by the Corporation or a third-party custodian prior to or upon the release of the Corporation's funds.
  - Any investments not purchased and redeemed directly from the issuer, government money market mutual fund, local government investment pool, or the State of New Jersey Cash Management Fund, shall be purchased and deemed through the use of a national or State bank located within this State or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to section 9 of P.L.1967, c. 93 (C.49:3-56) and has at least \$25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities.

As of December 31, 2019 and 2018, the Corporation had the following investments and maturities:

<b><u>Investment</u></b>	<b><u>Maturities</u></b>	<b><u>Rating</u></b>	<b><u>2019 Fair Value</u></b>
US Treasury Notes	6/30/20	N/A	\$ 9,211,132
Federal Home Loan Discount Notes	2/11/20	AA+	25,013,250
Tennessee Valley Authority Series A Notes	3/15/20	AA+	5,812,002
US Treasury Notes	3/31/20	N/A	<u>20,028,200</u>
Total			<u>\$ 60,064,584</u>

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 3. Investments (continued):**

**C. Investment Credit Risk (continued):**

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	<u>2018 Fair Value</u>
US Treasury Notes	1/1/19	N/A	\$ 9,990,400
Federal Home Loan Medium Term Notes	4/15/19	AA+	24,906,750
US Treasury Notes	6/30/19	N/A	6,352,000
US Treasury Notes	7/31/19	N/A	24,829,000
US Treasury Notes	10/15/19	N/A	24,684,500
US Treasury Notes	12/15/19	N/A	6,323,776
Federal Home Loan Discount Notes	2/11/20	N/A	24,883,000
Tennessee Valley Authority Series A Notes	3/15/20	AA+	4,983,000
US Treasury Notes	3/15/20	N/A	\$ 19,918,000
US Treasury Notes	6/30/20	N/A	<u>9,108,736</u>
Total			<u>\$155,979,162</u>

**Note 4. Governmental Unit Deposit Protection Act (GUDPA)**

The Corporation deposited cash in 2019 and 2018 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 4. Governmental Unit Deposit Protection Act (GUDPA) (continued):**

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The Corporation should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 5. Property, Plant & Equipment**

The following is a summary of property, plant and equipment at cost, less accumulated depreciation and amortization for the years ended December 31, 2019 and 2018:

	<b>Balance December 31, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclass/ Adjustments</b>	<b>Balance December 31, 2019</b>
Land	\$ 19,177,117				\$ 19,177,117
Buildings & Improvements	56,957,178				56,957,178
Land Improvements	284,403,532				284,403,532
Equipment	27,002,457	57,722			27,060,179
Engineering & Other	7,203,729			4,432,944	11,636,673
Financing Costs	9,159,938				9,159,938
Subtotal	403,903,951	57,722	-	4,432,944	408,394,617
Less: Accumulated Depreciation Amortization	(128,402,495)	(8,903,312)			(137,305,807)
Subtotal	275,501,456	(8,845,590)	-	4,432,944	271,088,810
Construction in Progress	87,136,763	37,641,923	-	(4,432,944)	120,034,742
Total	\$362,638,219	\$ 28,796,333	-	-	\$391,434,552

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 5. Property, Plant & Equipment (continued):**

	<b>Balance December 31, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclass/ Adjustments</b>	<b>Balance December 31, 2018</b>
Land	\$ 19,177,117				\$ 19,177,117
Buildings & Improvements	55,147,566			1,809,612	56,957,178
Land Improvements	257,224,976	21,272,102		5,906,454	284,403,532
Equipment	25,573,354	1,224,499		204,604	27,002,457
Engineering & Other	7,203,729				7,203,729
Financing Costs	9,159,938				9,159,938
Subtotal	373,486,680	22,496,601	-	7,920,670	403,903,951
Less: Accumulated Depreciation Amortization	(120,309,443)	(8,093,052)			(128,402,495)
Subtotal	253,177,237	14,403,549	-	7,920,670	275,501,456
Construction in Progress	1,867,968	93,189,465	-	(7,920,670)	87,367,763
Total	\$255,045,205	\$107,593,014	-	-	\$362,638,219

**Note 6. Pension Plan**

**Description of System and Vesting**

All eligible authority employees participate in the contributory defined benefit public employee retirement system established by state statute. The Public Employees Retirement System (PERS) is sponsored and administered by the State of New Jersey and considered a cost-sharing multiple employer plan.

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 6. Pension Plan (continued):**

At December 31, 2019 the Corporation reported a liability of \$13,42,879 for its proportionate share of the net pension liability as measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Corporation elected to record \$726,239 as current pension liability from the above amount. The Corporation's proportion of the net pension liability was based on a projection of the Corporation's long – term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Corporation's proportion was .0746615546% which decreased slightly by .0739% from its proportion measured as of June 30, 2018.

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

For the year ended December 31, 2019 and 2018, the Corporation recognized pension expense of \$1,029,726 and \$1,463,507 respectively. At December 31, 2019 and 2018, the Corporation reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference Between Expected and Actual Experience	\$ 241,462	59,429	\$ 302,909	81,903
Changes of Assumptions	1,343,319	4,669,452	2,617,410	5,078,839
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		212,359		148,992
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,353,217	1,528,189	2,243,205	694,810
Authority Contributions Subsequent to The Measurement Date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$2,937,998</u>	<u>\$6,469,429</u>	<u>\$5,163,524</u>	<u>\$6,004,544</u>

\$2,937,998 and \$5,163,524 reported as deferred outflows of resources related to pensions resulting from Corporation contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019 and 2018. Other amounts

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 6. Pension Plan (continued):**

reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended November 30,		Year Ended November 30,	
2020	\$ (654,133)	2019	\$ (33,821)
2021	(654,133)	2020	(33,821)
2022	(654,133)	2021	(33,821)
2023	(654,133)	2022	(33,821)
2024	(654,135)	2023	(33,821)
Thereafter	<u>(260,764)</u>	Thereafter	<u>(671,914)</u>
Total	<u>\$ (3,531,431)</u>	Total	<u>\$ (841,020)</u>

**Additional Information**

Collective balances at November 30, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	\$ 16,143,832,135	\$ 19,689,501,539
District's Proportion	.0746615546%	.0008067212%

***Actuarial Assumptions***

The total pension liability in the June 30, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

<u>2019</u>		<u>2018</u>	
Inflation Rate		Inflation Rate	2.25%
Price	2.75%		
Wage	3.25%		
Salary Increases: Through 2026	2.00 – 6.00% Based on Years of Service	Salary Increases: Through 2026	1.65 – 4.15% Based on Age
Thereafter	3.00 – 7.00% Based on Years of Service	Thereafter	2.65 – 5.15% Based on Age

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 6. Pension Plan (continued):**

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 and 2018 are summarized in the following tables:

Asset Class	2019 Target Allocation	2019 Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Develop Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 6. Pension Plan (continued):**

***Long-Term Expected Rate of Return (continued):***

Asset Class	2018 Target Allocation	2018 Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Assets	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Develop Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

***Discount Rate***

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% as of June 30 2019 and 2018, respectively, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

## SOUTH JERSEY PORT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

#### Note 6. Pension Plan (continued):

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

The following presents the collective net pension liability of the participating employers as of June 30, 2019 and 2018, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

<b>2019</b>			
	<u>At 1% Decrease (5.28%)</u>	<u>At Current Discount Rate (6.28%)</u>	<u>At 1% Increase (7.28%)</u>
Corporation's Proportionate Share of Net Pension Liability	\$ 16,993,172	\$ 13,452,879	\$ 10,469,680
<b>2018</b>			
	<u>At 1% Decrease (4.66%)</u>	<u>At Current Discount Rate (5.66%)</u>	<u>At 1% Increase (6.66%)</u>
Corporation's Proportionate Share of Net Pension Liability	\$ 19,705,104	\$ 15,883,939	\$ 12,700,435

Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

#### **Contribution Requirements**

The contribution policy is set by N.J.S.A.43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A.18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 7.50%, effective October 1, 2018 of employees' annual compensation as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. The South Jersey Port Corporation's contributions to P.E.R.S. for the years ending December 31, 2019 was \$726,239.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 6. Pension Plan (continued):**

The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information. To obtain this additional detailed information about the pension plan it is available in a separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/gasb-68-rpts.shtml>.

**Early Retirement Incentive Plan**

In 2003 the State of New Jersey signed into Law the State Early Retirement Incentive (ERI) program as Chapter 23, PL. 2002. The ERI has a provision that allows optional participation in the program by certain State Autonomous Authorities. Participation is optional, as these organizations will have to bear the cost of the incentives provided to their employees who retire. The Board of Directors of the South Jersey Port Corporation adopted a resolution to allow its eligible employees to participate in the ERI program. In 2002 four employees elected to participate in the ERI. In 2003 an additional four employees elected to participate in the ERI. The liability to the Corporation is \$1,176,600 as of December 31, 2019.

Payments for the liability will be spread over 30 years. Each consecutive year's payment would increase by 4.00%. All the payment schedules incorporate an annual percentage rate of interest equaling 8.25%. The Port made its payment towards the ERI Program in 2019 and 2018 for \$106,466 and \$102,371 respectively, which included principal and interest.

The following is a summary of the Early Retirement Incentive Plan required payments for interest and principal:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 13,656	97,069	110,725
2021	19,211	95,943	115,154
2022	25,402	94,358	119,760
2023	32,288	92,262	124,550
2024	39,933	89,599	129,532
2025	48,409	86,304	134,713
2026	57,792	82,310	140,102
2027	68,164	77,542	145,706
2028	79,615	71,919	151,534
2029	92,244	65,351	157,595
2030	106,158	57,741	163,899
2031	121,472	48,983	170,455
2032	138,312	38,961	177,273
2033	156,814	27,550	184,364
2034	<u>177,130</u>	<u>14,613</u>	<u>191,743</u>
Total	<u>\$1,176,600</u>	<u>\$1,040,505</u>	<u>\$2,217,105</u>

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 7. Long-Term Debt**

The following is a summary of long-term debt at December 31, 2019:

<b>Issue</b>	<b>Initial Date of Issue</b>	<b>Date of Final Maturity</b>	<b>Interest Rates</b>	<b>Original Issue Amount</b>	<b>Principal Balance Outstanding</b>
Series 2009 P Marine Terminal Revenue Bonds	12/30/09	01/01/40	2.995% 7.365%	157,880,000	132,085,000
Series 2012 Q Marine Terminal Refunding Bonds	10/17/12	01/01/33	3.000% 3.250%	60,060,000	36,670,000
Series 2012 R Marine Terminal Refunding Bonds	10/17/12	01/01/24	4.000%	16,050,000	7,470,000
Series 2016 S Marine Terminal Refunding Bonds	09/29/16	01/01/39	5.125% 5.875%	40,320,000	37,880,000
Series 2017 A Marine Terminal Revenue Bonds	11/16/17	01/01/49	5.00%	23,860,000	23,860,000
Series 2017 B Marine Terminal Revenue Bonds	11/16/17	01/01/48	5.00%	231,140,000	<u>231,140,000</u>
Total					\$469,105,000
Add: Unamortized Bond Premium					21,279,758
Less: Current Maturities Included in Current Liabilities					<u>11,995,000</u>
Balance					<u>\$478,389,758</u>

The following table sets forth the amount required for payment of principal and interest due on Series N, O, P, Q, R and S bonds (whether at maturity or by sinking fund redemption):

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 11,995,000	\$ 25,135,337	\$ 37,130,337
2021	9,965,000	24,635,691	34,600,691
2022	10,350,000	24,163,377	34,513,377
2023	10,835,000	23,680,358	34,515,358
2024	11,090,000	23,129,212	34,219,212
2025-2029	64,255,000	105,597,621	169,852,621
2030-2034	77,695,000	85,768,042	163,463,042

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 7. Long-Term Debt (continued):**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2035-2039	96,665,000	60,208,786	156,873,786
2040-2044	81,020,000	33,774,434	114,794,434
2045-2049	<u>95,235,000</u>	<u>12,368,375</u>	<u>107,603,375</u>
Total	<u>\$469,105,000</u>	<u>\$418,461,233</u>	<u>\$887,566,233</u>

a) On November 8, 2007, the Corporation issued \$11,235,000 Marine Terminal Revenue Bonds, Series N. The Series N Bonds were issued to provide funds to (i) the implementation of certain capital projects of the Corporation (the “2007 Projects”); (ii) fund a deposit to the debt reserve fund established under the Bond Resolution and (iii) pay the costs of issuance of the Series 2007 Bonds.

b) On December 30, 2009, the Corporation issued \$157,880,000 in aggregate Marine Terminal Revenue Bonds, Series P. The Series P Bonds consist of \$4,925,000 Marine Terminal Revenue Bonds, Series 2009 P-1 (Federally Taxable), \$23,215,000 Marine Terminal Revenue Bonds, Series 2009 P-2 (Tax-Exempt Private Activity), and \$129,740,000 Marine Terminal Revenue bonds, Series 2009 P-3 (Federally Taxable). The Series P Bonds were issued to provide funds to (i) the 2009 Paulsboro Marine Terminal Project; (ii) fund a deposit to the Debt Reserve Fund; (iii) fund capitalized interest on the Series 2009 P Bonds through January 1, 2001; and (iv) pay the costs of issuance of the Series 2009 P Bonds.

c) On October 17, 2012, the Corporation performed a partial current refunding of Marine Terminal Revenue and Revenue Refunding Bonds Series K and L. The Corporation issued Series Q (\$60,060,000) Marine Terminal Refunding Bonds (Tax-Exempt) and Series R (\$16,050,000) Marine Terminal Revenue Refunding Bonds (Taxable). The proceeds of the Series 2012 Bonds, together with other funds, are being used to (i) refund certain callable maturities of the 2002 Bonds; (ii) fund the required deposit to the Debt Reserve Fund; and (iii) pay the costs of issuance of the Series 2012 Bonds.

d) On September 29, 2016, the Corporation performed advance-refunding of Marine Terminal Revenue Bonds Series N and O. The Corporation issued Series S-1 (\$33,035,000) Marine Terminal Revenue and Revenue Refunding Bonds and Series S-2 (\$7,285,000) Marine Terminal Revenue Refunding Bonds (AMT). A portion of the proceeds of the Series 2016 S-1 Bonds will be used to: (i) advance-refund the Corporation’s Series N Bonds and (ii) advance-refund the Series 2009 O-1 and O-2 Bonds (Prior Tax-Exempt Bonds). A portion of the proceeds of the 2016 S-2 Bonds will be used to currently refund the Corporation’s Series 2003 M Bonds (Prior AMT Bonds and together with the Prior Tax-Exempt Bonds, the “Prior Bonds”). A portion of the proceeds of the Series 2016 Bonds will be deposited into the Project Fund established under the Bond Resolution for purposes of funding the 2016 Capital Plan. A portion of the proceeds of the Series 2016 Bonds, together with other available funds, will be deposited in the Debt Reserve Fund in an amount sufficient to bring the balance in the Debt Reserve Fund to the Debt Reserve Requirement. This current refunding was undertaken to obtain an economic gain (difference between the present value of the debt service payments of the Refunded and Refunding Bonds) of \$400,000.

e) On November 16, 2017, the Corporation issued \$255,000,000 in Subordinated Marine Terminal Revenue Bonds, Series 2017. The Series 2017 Bonds consist of \$23,860,000 Subordinated Marine Terminal Revenue Bonds, Series 2017A (Tax-Exempt), and \$231,140,000 Subordinated Marine Terminal Revenue bonds, Series 2017b (AMT). The Series 2017 Bonds were issued to provide funds to (i) pay the

# SOUTH JERSEY PORT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

### Note 7. Long-Term Debt (continued):

costs of various capital improvements and projects included in the Corporation's capital plan, (ii) make the required deposit into the Subordinated Debt Reserve Fund; (iii) fund capitalized interest on the Series 2017 Bonds through January 1, 2019; and (iv) pay the costs of issuance of the Series 2017 Bonds.

The following is a summary detailing the schedule of outstanding bonds by year, series and the annual debt principal requirements for each:

Issue Year	.....SERIES P-2.....		....SERIES P-3....		SERIES "P" Total Principal
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	
2020	-		3,800,000	6.152	3,800,000
2021	-		3,955,000	6.252	3,955,000
2022	\$4,115,000	5.750	-		4,115,000
2023	4,350,000	5.750	-		4,350,000
2024	1,055,000	5.750	-		1,055,000
2025	-		-		-
2026	-		-		-
2027	-		-		-
2028	-		-		-
2029	-		29,985,000	7.065	29,985,000
2030	-		-		-
2031	-		-		-
2032	-		-		-
2033	-		-		-
2034	-		-		-
2035	-		-		-
2036	-		-		-
2037	-		-		-
2038	-		-		-
2039	-		-		-
2040	<u>-</u>		<u>84,825,000</u>	7.365	<u>84,825,000</u>
Total	<u>\$ 9,520,000</u>		<u>\$122,565,000</u>		<u>\$132,085,000</u>

Issue Year	.....SERIES Q.....		.....SERIES R.....	
	Annual Principal	Interest Rate	Annual Principal	Interest Rate
2020	\$5,000,000	3.00	1,750,000	4.00
2021	2,950,000	3.00	1,550,000	4.00
2022	3,050,000	3.00	1,600,000	4.00
2023	3,150,000	3.00	1,670,000	4.00
2024	950,000	3.00	900,000	4.00

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 7. Long-Term Debt (continued):**

<b>Issue Year</b>	<b>.....SERIES Q.....</b>		<b>.....SERIES R.....</b>	
	<b>Annual Principal</b>	<b>Interest Rate</b>	<b>Annual Principal</b>	<b>Interest Rate</b>
2025	\$2,050,000	3.00	-	
2026	2,100,000	3.00	-	
2027	2,175,000	3.00	-	
2028	2,245,000	3.00	-	
2029	2,355,000	3.00	-	
2030	2,475,000	3.00	-	
2031	2,600,000	3.13	-	
2032	2,715,000	3.13	-	
2033	2,855,000	3.25	-	
2034	-		-	
2035	-		-	
2036	-		-	
2037	-		-	
2038	-		-	
2039	-		-	
2040	-		-	
Total	<u>\$36,670,000</u>		<u>\$ 7,470,000</u>	

<b>Issue Year</b>	<b>.....SERIES S-1.....</b>		<b>.....SERIES S-2.....</b>		<b>Series S Total Principal</b>
	<b>Annual Principal</b>	<b>Interest Rate</b>	<b>Annual Principal</b>	<b>Interest Rate</b>	
2020	\$670,000	5.00	775,000	5.00	1,445,000
2021	-		1,510,000	5.00	1,510,000
2022			1,585,000	5.00	1,585,000
2023			1,665,000	5.00	1,665,000
2024			1,750,000	5.00	1,750,000
2025	1,840,000	5.00	-		1,840,000
2026	1,930,000	5.00	-		1,930,000
2027	2,030,000	5.00	-		2,030,000
2028	2,130,000	5.00	-		2,130,000
2029	2,230,000	5.00	-		2,230,000
2030	2,360,000	5.00	-		2,360,000
2031	1,670,000	5.00	-		1,670,000
2032	1,755,000	3.50	-		1,755,000
2033	1,820,000	5.00	-		1,820,000
2034	1,915,000	5.00	-		1,915,000
2035	2,005,000	5.00	-		2,005,000

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 7. Long-Term Debt (continued):**

<b>Issue Year</b>	<b>.....SERIES S-1.....</b>		<b>.....SERIES S-2.....</b>		<b>Series S</b>
	<b>Annual Principal</b>	<b>Interest Rate</b>	<b>Annual Principal</b>	<b>Interest Rate</b>	<b>Total Principal</b>
2036	\$2,100,000	3.75	-		2,100,000
2037	2,185,000	5.00	-		2,185,000
2038	2,285,000	5.00	-		2,285,000
2039	<u>1,670,000</u>	5.00	<u>-</u>		<u>1,670,000</u>
Total	<u>\$30,595,000</u>		<u>\$ 7,285,000</u>		<u>\$ 37,880,000</u>

<b>Issue Year</b>	<b>.....SERIES A.....</b>		<b>.....SERIES B.....</b>		<b>Grand</b>
	<b>Annual Principal</b>	<b>Interest Rate</b>	<b>Annual Principal</b>	<b>Interest Rate</b>	<b>Total Principal</b>
2020	-		-		11,995,000
2021	-		-		9,965,000
2022	-		-		10,350,000
2023	-		-		10,835,000
2024	-		2,890,000	5.00	11,090,000
2025	-		3,025,000	5.00	11,740,000
2026	-		3,180,000	5.00	12,255,000
2027	-		3,340,000	5.00	12,820,000
2028	-		3,505,000	5.00	13,400,000
2029	-		3,680,000	5.00	14,040,000
2030	-		3,865,000	5.00	14,740,000
2031	-		4,055,000	5.00	14,650,000
2032	-		4,260,000	5.00	15,360,000
2033	-		4,470,000	5.00	16,090,000
2034	-		7,660,000	5.00	16,855,000
2035	-		8,045,000	5.00	17,680,000
2036	-		8,445,000	5.00	18,540,000
2037	-		8,870,000	5.00	19,430,000
2038	-		9,310,000	5.00	20,370,000
2039	-		9,780,000	5.00	20,645,000
2040	-		10,265,000	5.00	19,900,000
2041	-		14,180,000	5.00	14,180,000
2042	-		14,890,000	5.00	14,890,000
2043	-		15,635,000	5.00	15,635,000
2044	-		16,415,000	5.00	16,415,000
2045	-		17,235,000	5.00	17,235,000
2046	-		18,100,000	5.00	18,100,000
2047	-		19,000,000	5.00	19,000,000
2048	2,910,000	5.00	17,040,000	5.00	19,950,000
2049	<u>20,950,000</u>	5.00	<u>-</u>		<u>20,950,000</u>
Total	<u>\$23,860,000</u>		<u>\$231,140,000</u>		<u>\$469,105,000</u>

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 7. Long-Term Debt (continued):**

The following is a summary detailing the schedules of annual sinking fund payment requirements by year and series:

<b>ISSUE YEAR</b>	<b>SERIES A</b>	<b>SERIES B</b>	<b>SERIES P-3</b>	<b>SERIES S-1</b>	<b>GRAND TOTAL</b>
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	\$ 3,545,000	-	\$ 3,545,000
2025	-	-	4,825,000	-	4,825,000
2026	-	-	5,045,000	-	5,045,000
2027	-	-	5,275,000	-	5,275,000
2028	-	-	5,520,000	-	5,520,000
2029	-	-	5,775,000	-	5,775,000
2030	-	-	6,040,000	-	6,040,000
2031	-	-	6,325,000	-	6,325,000
2032	-	-	6,630,000	-	6,630,000
2033	-	-	6,945,000	-	6,945,000
2034	-	-	7,280,000	-	7,280,000
2035	-	-	7,630,000	-	7,630,000
2036	-	-	7,995,000	-	7,995,000
2037	-	-	8,375,000	2,185,000	10,560,000
2038	-	9,310,000	8,775,000	2,285,000	20,370,000
2039	-	9,780,000	9,195,000	1,670,000	20,645,000
2040	-	10,265,000	9,635,000	-	19,900,000
2041	-	14,180,000	-	-	14,180,000
2042	-	14,890,000	-	-	14,890,000
2043	-	15,635,000	-	-	15,635,000
2044	-	16,415,000	-	-	16,415,000
2045	-	17,235,000	-	-	17,235,000
2046	-	18,100,000	-	-	18,100,000
2047	-	19,000,000	-	-	19,000,000
2048	2,910,000	17,040,000	-	-	19,950,000
2049	<u>20,950,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,950,000</u>
Total	<u>\$23,860,000</u>	<u>\$161,850,000</u>	<u>\$114,810,000</u>	<u>\$ 6,140,000</u>	<u>\$306,660,000</u>

# **SOUTH JERSEY PORT CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

### **Note 7. Long-Term Debt (continued):**

The following Term Bonds are subject to mandatory sinking fund redemption prior to maturity on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price of 100% of the principal amount plus accrued interest to the date of redemption:

#### Series 2017A – Bonds Maturing January 1, 2049

<u>Year</u>	<u>Principal Amount</u>
2048	\$ 2,910,000
2049	<u>20,950,000</u>
Total	<u>\$ 23,860,000</u>

#### Series 2017B – Bonds Maturing January 1, 2048

<u>Year</u>	<u>Principal Amount</u>
2038	\$ 9,310,000
2039	9,780,000
2040	10,265,000
2041	14,180,000
2042	14,890,000
2043	15,635,000
2044	16,415,000
2045	17,235,000
2046	18,100,000
2047	19,000,000
2048	<u>17,040,000</u>
Total	<u>\$161,850,000</u>

#### Series P-3 – Bonds Maturing January 1, 2029

<u>Year</u>	<u>Principal Amount</u>
2024	\$ 3,545,000
2025	4,825,000
2026	5,045,000
2027	5,275,000
2028	5,520,000
2029	<u>5,775,000</u>
Total	<u>\$ 29,985,000</u>

#### Series P-3 - Bonds Maturing January 1, 2040

<u>Year</u>	<u>Principal Amount</u>
2030	\$ 6,040,000
2031	6,325,000
2032	6,630,000
2033	6,945,000
2034	7,280,000
2035	7,630,000
2036	7,995,000
2037	8,375,000
2038	8,775,000
2039	9,195,000
2040	<u>9,635,000</u>
Total	<u>\$84,825,000</u>

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 7. Long-Term Debt (continued):**

The Series 2009 P-3 Taxable Build America Bonds are not subject to optional redemption prior to their stated maturities.

The Series 2009 P-3 Taxable Build America Bonds are subject to redemption prior to maturity by written direction of the Corporation, in whole or in part, at any time on any business day, at the “Make-Whole Redemption Price”. The Make-Whole Redemption Price is the greater of (i) 100% of the principal amount of the Series 2009 P-3 Taxable Build America Bonds to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2009 P-3 Taxable Build America Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2009 P-3 Taxable Build America Bonds are to be redeemed, discounted to the date on which the Series 2009B Taxable Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted “Treasury Rate” plus 25 basis points, plus, in each case, accrued and unpaid interest on the Series 2009 P-3 Taxable Build America Bonds to be redeemed to the redemption date.

The “Treasury Rate” is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available on a date that is selected by the Corporation that is not less than two (2) business days and not more than fifty (50) days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2009 P-3 Taxable Build America Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one (1) year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one (1) year will be used.

The following table sets forth the amount of interest subsidy payments expected to be requested for the Build America Bonds:

<b>Year</b>	<b>Interest Subsidy to be Received</b>
2020	\$ 3,055,485
2021	2,971,302
2022	2,928,031
2023	2,928,030
2024	2,884,201
2025-2029	12,626,098
2030-2034	8,871,971
2035-2039	4,047,325
2040	<u>124,183</u>
<b>Total</b>	<b><u>\$40,436,626</u></b>

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 7. Long-Term Debt (continued):**

The Series 2012 Bonds maturing on or after January 1, 2024 are subject to redemption prior to maturity, at the option of the Corporation, upon notice as described below, as a whole or in part at any time on or after January 1, 2023. The Series 2012 Bonds or portions thereof to be redeemed shall be selected by the Trustee in any order of maturity at the written election of the Corporation signed by an Authorized Officer, as set forth in said written election, and with a maturity by lot in any other customary manner determined by the Trustee. Any such redemption shall be made at a Redemption Price of 100% of the principal amount of Series 2012 Bonds called for redemption, without premium, plus accrued interest to the date of redemption.

The Series 2016 Bonds maturing on or after January 2027 are subject to redemption prior to maturity, at the option of the Corporation, upon notice as described below, as a whole or in part at any time on or after January 1, 2026. The Series 2016 Bonds or portions thereof to be redeemed shall be selected by the Trustee in any order of maturity at the written election of the Corporation signed by an Authorized Officer, as set forth in said written election, and with a maturity by lot in any other customary manner determined by the Trustee. Any such redemption shall be made at a Redemption Price of 100% of the principal amount of Series 2016 Bonds called for redemption, without premium, plus accrued interest to the date of redemption.

The Series 2017 Bonds maturing on or after January 1, 2029 are subject to redemption prior to maturity, at the option of the Corporation, upon notice as described in the prior schedule for mandatory sinking fund redemption, as a whole or in part at any time on or after January 1, 2028. The Series 2017 Bonds or portions thereof to be redeemed shall be selected by the Trustee in any order of maturity at the written election of the Corporation signed by an Authorized Officer of the Corporation, as set forth in said written election, and within a maturity by lot in any other customary manner determined by the Trustee. Any such redemption shall be made at a Redemption Price of 100% of the principal amount of Series 2017 Bonds called for redemption, without premium, plus accrued interest to the date of redemption.

The following is a summary of all long-term debt of the Corporation as of December 31, 2019 and 2018:

	<b>Balance December 31, 2018</b>	<b>Issued/ Adjustments</b>	<b>Retired</b>	<b>Balance December 31, 2019</b>	<b>Due Within One Year</b>
<u>Restricted:</u>					
Bond Payable	\$480,745,000		(11,640,000)	469,105,000	11,995,000
Capital Lease	3,031,157	-	( 331,382)	2,699,775	2,128,314
Total	<u>\$483,776,157</u>	<u>-</u>	<u>(11,971,382)</u>	<u>\$471,804,775</u>	<u>14,123,314</u>
				21,279,758	
				<u>14,123,314</u>	
				<u>\$478,961,219</u>	

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 7. Long-Term Debt (continued):**

	Balance December 31, 2017	Issued/ Adjustments	Retired	Balance December 31, 2018	Due Within One Year
<u>Restricted:</u>					
Bond Payable	\$491,975,000		(11,230,000)	480,745,000	11,640,000
Capital Lease	2,000,000	1,294,822	( 263,665)	3,031,157	2,031,382
Total	<u>\$493,975,000</u>	<u>294,822</u>	<u>(11,493,665)</u>	<u>\$483,776,157</u>	<u>13,671,382</u>
				Add: Unamortized Bond Premium	22,220,719
				Less: Due within One Year	<u>13,671,382</u>
				Total	<u><u>\$492,325,494</u></u>

**Note 8. Leases Obligations**

At December 31, 2019, the Corporation had lease agreements in effect for the following:

**Operating Lease:**

Mailing Machine

Operating Leases – Future minimum rental payments under operating lease agreements are as follows:

Year	Amount
2020	\$ 5,400
2021	5,400
2022	5,400
2023	5,400
2024	<u>1,350</u>
Total minimum Lease Payments	\$ <u><u>22,950</u></u>

Rental payments under operating leases for the year 2019 and 2018 were \$5,250 and \$4,800 respectively.

**Capital Leases:**

Eleven (11) Copiers and eight (8) Forklifts

Capital Leases – Future minimum rental payments under a capital lease agreement for eleven copiers are as follows:

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Capital Leases (continued):**

Year	Amount
2020	\$ 346,957
2021	308,492
2022	<u>73,917</u>
Total Minimum Lease Payments	729,366
Less: Amount Representing Interest	<u>35,516</u>
Present Value of Net Minimum Lease Payments	<u>\$ 693,850</u>

Lease payments under Capital leases for the years 2019 and 2018 were \$370,825 and \$284,086 respectively.

**Note 9. Economic Dependency**

The South Jersey Port Corporation depends upon the State of New Jersey for economic assistance. Under the provisions of the South Jersey Port Corporation Act, the Board Chairman of the Corporation annually certifies to the State of New Jersey the amounts required to maintain certain reserve balances in the debt service and debt service reserve accounts and also in the tax maintenance reserve account.

Employees of the South Jersey Port Corporation may participate in the New Jersey State Employees' Deferred Compensation Plan. The Plan was established by New Jersey Public Law 1978, Chapter 39 and is subject to compliance with Section 457 of the Internal Revenue Code. The New Jersey State Employees' Deferred Compensation Board is the governing body of the Plan.

**Note 11. PILOT Payments**

**City of Camden PILOT Payments** – The Corporation entered into a 2019 payment in lieu of tax agreement with the City of Camden requiring the Corporation to make payment of four million dollars (\$4,000,000). The City's fiscal year for 2019 began in July 1, 2018 and ended June 30, 2019. Pursuant to the 2019 "PILOT" agreement, the Corporation is not required to make the 2019 "PILOT" payment until such time as the payment has been appropriated by the State of New Jersey and the payment is received by the Corporation.

**County of Camden PILOT Payments** - The Corporation has entered into a 2019 payment in lieu of tax agreement with the County requiring the Corporation to make payment of four hundred nineteen thousand dollars (\$419,000) in the calendar year 2019. An appropriation of \$419,000 will be required from the State to make payment to the 2020 County of Camden "PILOT Tax Agreement".

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 11. PILOT Payments (continued):**

**City of Salem PILOT Payments** – The Corporation has entered into a 2019 payment in lieu of tax agreement with the City of Salem requiring the Corporation to make payment of thirty one thousand two hundred and twenty five dollars \$(31,225) in the calendar year 2019. An appropriation of \$31,225 will be required from the State to make payment to the 2020 City of Salem “PILOT Tax Agreement”.

**Borough of Paulsboro PILOT Payments** – The Corporation has entered into a 2019 payment in lieu of tax agreement with the Borough requiring the Corporation to make annual payments of five hundred thousand (\$500,000) in the calendar year 2019. An appropriation of \$500,000 will be required from the State to make payment to the 2020 County of Gloucester “PILOT Tax Agreement”.

In December 2005, the Board of Directors of the South Jersey Port Corporation entered into a lease agreement with the Borough of Paulsboro for the lease of 190 acres for the Building of a Port Facility. In the lease agreement the South Jersey Port Corporation agreed to make a Payment in Lieu of Taxes (“PILOT”) to the Borough of Paulsboro of \$500,000 (five hundred thousand dollars) plus 2 % of the value of the Buildings and 1 % of the value of the land that will be subleased to private companies. The enabling legislation of the South Jersey Port Corporation requires that the State of New Jersey will fund/replenish the Property Tax Reserve Fund of the South Jersey Port Corporation for any such monies owed on PILOT agreements such as the PILOT agreement with the Borough of Paulsboro.

**County of Gloucester PILOT Payments** – The Corporation has entered into a 2019 payment in lieu of tax agreement with the County requiring the Corporation to make annual payments of one hundred fifty thousand dollars (\$150,000). An appropriation of \$150,000 will be required from the State to make payment to the 2020 County of Gloucester “PILOT Tax Agreement”.

All Pilot payments are Pursuant to *N.J.S.A.12: 11A20* the amounts are credited to the “South Jersey Port Corporation Tax Reserve Fund”. (See Schedule in Supplementary Schedules)

**Note 12. Capital Projects and Funding Sources**

During 2001 South Jersey Port Corporation entered into a Capital Lease with the Delaware River Port Authority (DRPA) in the amount of \$2,000,000 for electrical substation upgrades at the Broadway terminal. The lease term is twenty years at no interest rate. As of the date of this report no payments have been made on the lease. It is the opinion of the Corporation the Agreement with the DRPA for the electrical substation upgrade at the Broadway Terminal was a grant and as such no payment(s) are required. Whereas the DRPA claims that this was a loan.

The Corporation's construction in progress consists of the following: Skylight Renovations for Bonds Series O-3 in the amount of \$518,636 and Paulsboro Marine Terminal Project for Bond Series 2017 in the amount of \$118,823,389. There are a variety of projects occurring at the Camden terminals. The total for the Broadway Terminal amounts to \$469,511 and the amount for the Balzano Marine Terminal is \$534,206. Total construction in progress amounted to \$120,345,742.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 13. Port of Salem**

The Salem Municipal Port Authority (the "Salem Port") was established in 1983 to finance and build a port for the City of Salem, New Jersey. In 1996, the Corporation purchased the Salem Port facilities located in the City of Salem, New Jersey. The Corporation entered into a lease with U.S. Concrete providing for the maintenance and operation of the marine shipping terminal facilities at the Salem Port.

**Note 14. Paulsboro Marine Terminal Project and Financing**

The Corporation and Paulsboro entered into a certain redevelopment agreement with respect to the Development and Construction of a Marine Terminal within the Borough of Paulsboro, South Jersey Port District dated January 16, 2006 (as amended, the "Redevelopment Agreement"). Under the Redevelopment Agreement, the Corporation was granted the right and obligation to develop the Paulsboro Marine Terminal located in Paulsboro, Gloucester County, in two phases, with (i) Phase I constituting a replacement for the loss of function of two berths and other related infrastructure and equipment resulting from a pier collapse at the Corporation's Balzano Terminal and (ii) Phase II constituting an expansion of Phase I through the addition of another two piers adjacent to the two replacement berths (the "Paulsboro Marine Terminal Project").

The Corporation and the Gloucester County Improvement Authority ("GCIA") have also entered into that certain "Paulsboro Port Project Development and Management Agreement" dated as of August 1, 2009 (the "Development and Management Agreement"). Pursuant to the Development and Management Agreement, the Corporation shall set forth the overall parameters for the design and development of the Paulsboro Marine Terminal, and the GCIA shall enter into the various contracts required to implement this development. Among other things, this arrangement allows the Corporation to focus on the future leasing of the Paulsboro Marine Terminal, to maximize its revenue potential.

The Paulsboro Marine Terminal is located along the eastern bank of the Delaware River, across from the Philadelphia International Airport, just south of Mantua Creek. The site consists of primarily two parcels, both of which are controlled by Paulsboro: (1) a 130-acre parcel that was previously operated by BP Oil Company (the "BP Site") and (2) an adjacent 60-acre parcel that was operated by Essex Chemical, which is a wholly owned subsidiary of The Dow Chemical Company (the "Essex Site").

The South Jersey Port Corporation has completed Phase I of the development of a new marine terminal in Gloucester County, New Jersey. In conjunction with the Gloucester County Improvement Authority (GCIA), the Port is redeveloping the former 130-acre British Petroleum (BP) Oil Terminal and an adjacent 60-acre former Essex Industrial Chemicals, Inc. (Essex) into a new, deep-water marine terminal with associated processing, distribution, assembly and intermodal operations that will be known as the Paulsboro Marine Terminal project. This project is being funded by SJPC marine terminal revenue bonds. Direct vehicular and truck access from Interstate 295 to the terminal will be provided via a new two-lane, public access road and bridge structure constructed over Mantua Creek. The access road and bridge project are being funded by a grant agreement between the NJ Department of Transportation, Gloucester County and the GCIA.

The terminal site is bordered by the Delaware River to the north; Mantua Creek to the east; residential neighborhoods to the west; and a combination of developed and non-developed land to the south. Access

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 14. Paulsboro Marine Terminal Project and Financing (continued):**

to the Delaware River's main channel is direct and without obstacle. Phase I project elements include a single berth pile supported wharf, site development and improvements including dredging and fill material placement, as well as the creation of an approximately 20-acre tidal wetlands mitigation site at a former dredged material management facility known as the Delaware River Equestrian, Agricultural and Marine Park, (i.e. DREAM Park), which is operated by the GCIA.

The Corporation has funded Phase I of the Paulsboro Marine Terminal Project with proceeds of the Series 2009 P Bonds, as well as a portion of the proceeds of the Series 2007 N Bonds and the Series 2008 O Bonds. The aggregate amount of Bonds issued for the Paulsboro Marine Terminal Project is \$176,737,986.

The Corporation has negotiated a lease agreement with Holt Logistics Corporation (Paulsboro Waterfront Development, LLC) to serve as the terminal operator for the Paulsboro Marine Terminal that shall house private operations, which in turn is expected to generate revenues for the Corporation.

This public-private partnership is already paying dividends as Paulsboro has become the prime port of call for NLMK USA. A 50-acre dockside parcel at Paulsboro Marine Terminal has been dedicated to the import of steel slabs for NLMK USA, one of the leading suppliers of steel products in the US. NLMK USA will use the Paulsboro Marine Terminal as a prime port to import steel slabs for rail shipment for distribution throughout North America.

The first ships were received at the Paulsboro Marine Terminal in March 2017.

The opening of the Paulsboro Marine Terminal marks the completion of Phase I and the beginning of a continued expansion to grow water-borne cargo business. Phase II will extend the wharf to 2,200 feet to accommodate up to four ships, a 500-foot barge berth and upland improvements to accommodate future cargo customer needs.

On August 29, 2017, the Corporation finally adopted a new subordinated bond resolution. This resolution precludes the issuance of additional bonds under its existing resolution, with the exception of refunding bonds which may be issued to refund the outstanding bonds summarized above. The Subordinated bond resolution revised and simplified the process for issuing future bond issues by the Corporation and authorized an initial series of bonds with a not to exceed amount of \$255,000,000. On December 5, 2017, the Corporation issued its \$255,000,000 Subordinated Marine Terminal Revenue Bonds, Series 2017, consisting of \$23,860,000 Subordinated Marine Terminal Revenue Bonds, Series 2017A (Tax Exempt) and \$231,140,000 Subordinated Marine Terminal Revenue Bonds, Series 2017B (AMT). The purpose of the issue was to fund completion of the Paulsboro Marine Terminal and undertake needed repairs at facilities within the Camden facilities. In total, the Corporation realized \$271,099,472.62 from the sale of the Series 2017 Bonds, representing the \$255,000,000 principal amount of the Series 2017 Bonds, plus an original issue premium of \$17,229,246.35 and less a Purchaser's discount of \$1,129,773.73. From these amounts, the Corporation allocated these proceeds as follows:

(a) \$22,168,441.96 was deposited to fund the undertaking of the Tax Exempt Projects. "Tax Exempt Projects" mean the following: (i) maintenance dredging at Balzano and Broadway terminals,

## **SOUTH JERSEY PORT CORPORATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

#### **Note 14. Paulsboro Marine Terminal Project and Financing (continued):**

(ii) reconstruction of connecting bridge over Newton Creek, (iii) environmental remediation and capping of Corporation property within terminal sites, and (iv) replace underground fire system and utilities within terminal sites;

(b) \$212,815,132.33 was deposited to fund the undertaking of the AMT Projects. "AMT Projects" mean the following; (i) deepening to 45'+2' from Paulsboro Berth to channel, including the removal of approximately 500,000CY of material to be dredged, CDF Disposal; (ii) construction of 600 foot upriver deepwater wharf; (iii) construction/completion of Mantua Creek Berth Connection, approximately 500 foot including bollards, fenders, and dredging to restore to 20 ft depth; (iv) construction/completion of downriver deepwater wharf of approximately 950 linear feet and including remaining Deep Draft Berth, All Infill, Plus Trestles 1 and 3; (v) upland improvements to Paulsboro terminal facility, including installation of pavement subbase, asphalt paving of 57 acres+/-, plus striping, installation of 10,000 feet of terminal fencing, construction of maintenance and repair facility with locker room, construction of Gate Complex (Security, truck and rail interchange), upgrade to sewage pump station and sanitary force main to GCUA, installation of fire hydrants and laterals, construction and installation of high-mast lights and duct banks and completion of terminal rail connections (approximately 2000 feet, plus 4 turnouts) and (iv) upland improvements to Balzano and Broadway terminals, including construct/renovate 100,000 sf warehouse at Broadway Terminal, pier pile repairs, refrigeration system replacement to existing warehouses (195,120 sf) at Pier 5 to extend useful life of system through end of lease and replace fire suppression system with existing warehouses;

(c) \$22,000,000.00 was deposited to satisfy the Debt Reserve Requirement under the Subordinated General Bond Resolution;

(d) \$445,065.00 was deposited to pay the Costs of Issuance for the Series 2017 Bonds;

(e) \$13,670,833.33 was deposited into the Debt Service Fund to pay a portion of the interest due on the Series 2017 Bonds on July 1, 2018 and January 1, 2019; and

(f) \$50,000 was retained until the Corporation receives notice from the State that the Purchaser has satisfied its obligation thereto.

#### **Note 15. Reserve for Inventory of Supplies**

Inventories are valued at historical cost. The costs of inventories in Business-Type Activities are recorded as expenditures when purchased. The Corporation established their inventory of supplies in 2005, currently valued at \$1,332,174 as of December 31, 2019 and \$1,340,640 as of December 31, 2018.

#### **Note 16. Post-Retirement Benefits**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 16. Post-Retirement Benefits (continued):**

increase in the number of participants qualifying for State paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

**State Health Benefits Plan Description**

Starting in April 2014, the South Jersey Port Corporation began contributing to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52: 14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1990, The South Jersey Port Corporation authorized participation in the SHBP's post-retirement benefit program through a self - insured program. In 2014, through resolution 2014-1-0015, the Corporation approved to participate into the New Jersey State Health Benefit Program. The Corporation adopted the provision of Chapter 88, Public Laws of 1974 as amended by Chapter 436, P.L. 1981 to permit local public employers to pay the premium charges for certain eligible pensioners and their dependents and to pay Medicare charges for such retirees and their spouses covered by the New Jersey Health Benefits Program. In April 2014 Port Corporation employees began making health benefit contributions of 1.5% of their base salaries towards the health benefit costs.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

**Funding Policy**

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to South Jersey Port Corporation on a monthly basis. As a participating employer the Authority will pay and remit to the State treasury contributions to cover the full cost of premiums for eligible pensioners on a basis comparable to the reimbursement made by the State to its eligible pensioners and their spouses in accordance with provisions of chapter 75, Public Laws of 1972.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 16. Post-Retirement Benefits (continued):**

The South Jersey Port Corporation contributions to SHBP for the year ended December 31, 2019 and 2018 was \$342,095 and \$483,039 respectively, which equaled the required contributions for the year. There were twenty-nine (29) retired participants eligible at December 31, 2019 and thirty-one (31) for 2018.

**General Information About the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and

# SOUTH JERSEY PORT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

### Note 16. Post-Retirement Benefits (continued):

OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775 and \$8,182,092,807, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019.

### Net OPEB Liability

#### Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of December 31, 2019 and 2018 are as follows:

	December 31, <u>2019</u>	December 31, <u>2018</u>
Total OPEB Liability	\$15,570,143	\$19,289,031
Plan Fiduciary Net Position	<u>307,785</u>	<u>379,580</u>
Net OPEB Liability	<u>\$15,262,358</u>	<u>\$18,909,451</u>
Plan Fiduciary Net Position		
As a % of Total OPEB Liability	1.98%	1.97%

The total OPEB liability as of December 31, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>2019</u>	<u>2018</u>
Inflation Rate	2.50%	2.50%
Salary Increases*:		
Through 2026	2.00% to 6.00%	1.65% to 8.98%
Thereafter	3.00% to 7.00%	2.65% to 9.98%
Mortality:	Pub-201 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019	

\* Salary increases are based on years of service within the plan.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 16. Post-Retirement Benefits (continued):**

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PERS experience studies prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years for June 30, 2019 and the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years for June 30, 2018. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected for June 30, 2019 and for self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5% for June 30, 2018. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate for eight years for June 30, 2019 and the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years for June 30, 2018.

*Discount Rate*

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the collective net OPEB liability of the participating employers as of June 30, 2018 and 2017, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<b>2019</b>		
	<u>At 1% Decrease (2.50%)</u>	<u>At Current Discount Rate (3.50%)</u>	<u>At 1% Increase (4.50%)</u>
Corporation's Proportionate Share of Net OPEB Liability	\$ 17,647,168	\$ 15,262,358	\$ 13,324,384

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 16. Post-Retirement Benefits (continued):**

	<b>2018</b>		
	<u>At 1% Decrease (2.58%)</u>	<u>At Current Discount Rate (3.58%)</u>	<u>At 1% Increase (4.58%)</u>
Corporation's Proportionate Share of Net OPEB Liability	\$ 22,185,786	\$18,909,451	\$ 16,292,183

***Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:***

The following presents the net OPEB liability as of June 30, 2019 and 2018, respectively, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>2019</b>		
	<u>At 1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>At % Increase</u>
Corporation's Proportionate Share of Net OPEB Liability	\$12,879,549	\$15,262,358	\$18,302,032

	<b>2018</b>		
	<u>At 1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>At 1% Increase</u>
Corporation's Proportionate Share of Net OPEB Liability	\$ 15,773,514	\$18,909,451	\$22,967,820

**Deferred Outflows of Resources and Deferred Inflows of Resources**

The amounts reported as a deferred outflow of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for December 31, 2019 and 2018 respectively as follows:

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

**Note 16. Post-Retirement Benefits (continued):**

Year ended December 31, :		Year ended December 31, :	
2020	\$ (1,747,118)	2019	\$ (1,440,558)
2021	\$ (1,747,118)	2020	(1,440,558)
2022	\$ (1,747,118)	2021	(1,440,558)
2023	\$ (1,747,118)	2022	(1,440,558)
2024	\$ (1,747,116)	2023	(1,440,560)
Thereafter	<u>(5,336,381)</u>	Thereafter	<u>(4,529,631)</u>
Total	\$ <u>(14,071,969)</u>	Total	\$ <u>(11,732,423)</u>

**Note 17. Arbitrage Rebate Calculation**

The arbitrage rebate requirement imposed by section 148 of the Internal Revenue Code require that certain profits or arbitrage earned from investing proceeds of tax-exempt bonds be rebated to the Federal Government. The rebate amount due to the Federal Government is equal to the excess of the amount earned on all non-purpose investments purchased with gross proceeds of the bonds over the amount that would have been earned if such non-purpose investments were invested at a yield equal to the yield of the bonds.

This Arbitrage calculation has been performed through January 22, 2020 and the Corporation is in material compliance with the arbitrage rebate requirements.

**Note 19. Subsequent Events**

The South Jersey Port Corporation has evaluated subsequent events occurring after December 31, 2019 through the date of July 13, 2020, which is the date the financial statements were available to be issued.

\*\*\*\*\*

This Page Intentionally Left Blank

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**



**SOUTH JERSEY PORT CORPORATION**  
**COMPARATIVE SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**ACTUAL COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Revenues:						
Marine Direct:						
Leases - Marine Direct	\$6,879,728	6,879,728	6,598,127	\$6,744,831	6,744,831	6,081,416
Crane Rental	1,070,673	1,070,673	1,822,032	1,049,679	1,049,679	1,789,938
Dockage	2,234,955	2,234,955	2,528,756	2,191,132	2,191,132	2,712,241
Handling	5,112,886	5,112,886	3,998,864	5,012,633	5,012,633	4,838,288
Storage	1,838,483	1,838,483	2,611,139	1,802,434	1,802,434	1,812,004
Wharfage	3,456,775	3,456,775	3,427,655	3,388,995	3,388,995	3,614,377
Demurrage	5,570	5,570		5,463	5,463	
Total Marine Direct	20,599,070	20,599,070	20,986,573	20,195,167	20,195,167	20,848,264
Marine Related:						
Leases - Industrial	569,103	569,103	602,137	557,944	557,944	598,953
Utilities	718,978	718,978	988,729	704,880	704,880	876,550
Port of Salem Revenue	133,737	133,737	115,611	131,115	131,115	129,123
Miscellaneous	468,542	468,542	688,430	459,355	459,355	809,336
Total Marine Related	1,890,360	1,890,360	2,394,907	1,853,294	1,853,294	2,413,962
Other Income:						
Income on Investments	143,263	143,263	278,782	140,454	140,454	238,950
Miscellaneous	160,555	160,555	264,956	157,407	157,407	52,143
Total Other Income	303,818	303,818	543,738	297,861	297,861	291,093
Grant Revenue			4,202,989			3,193,957
Total Revenues	\$22,793,248	22,793,248	28,128,207	\$22,346,322	22,346,322	26,747,276
Operating Expenses:						
Port Operations:						
Labor Expense:						
Labor Crane	289,570	289,570	289,473	283,892	283,892	284,686
Labor Handling	1,626,159	1,626,159	1,865,843	1,594,274	1,594,274	1,996,524
Labor Repairs & Maintenance	1,072,910	1,072,910	722,890	1,051,873	1,051,873	894,923
Security	742,642	742,642	800,331	728,080	728,080	784,858
Supervisors	609,702	609,702	590,712	597,747	597,747	548,161
Total Labor Expense	4,340,983	4,340,983	4,269,249	4,255,866	4,255,866	4,509,152
Payroll Taxes	481,900	481,900	418,517	472,451	472,451	438,530
Workers Compensation Insurance	456,899	456,899	593,408	447,940	447,940	594,340
Employee Benefits:						
Hospitalization	1,947,802	1,947,802	624,725	1,909,610	1,909,610	1,283,661
Vacation, Holiday, Sick, Pension	487,095	487,095	937,025	477,544	477,544	910,455
Miscellaneous Employer Expenses	39,954	39,954	40,033	39,171	39,171	48,080
Total Employee Benefits	3,413,650	3,413,650	2,613,708	3,346,716	3,346,716	3,275,066
Crane Rental - Gas & Oil	99,449	99,449	220,108	97,499	97,499	102,502

**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**ACTUAL COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
Handling:						
Gas & Oil	240,653	240,653	37,438	235,934	235,934	192,347
Miscellaneous	76,178	76,178	55,260	74,684	74,684	137,996
Trucking Expenses	56,490	56,490	25,194	55,382	55,382	4,268
Clerking & Checking	1,892,007	1,892,007	1,856,719	1,854,910	1,854,910	2,172,912
Total Handling	2,265,328	2,265,328	1,974,611	2,220,910	2,220,910	2,507,523
Rental of Equipment	34,184	34,184	181,616	33,514	33,514	321,772
Trash Removal	135,304	135,304	220,305	132,651	132,651	203,882
Security:						
Contracted Services	25,170	25,170	35,428	24,676	24,676	26,712
Other Expenses	22,214	22,214		21,778	21,778	
Total Security	47,384	47,384	35,428	46,454	46,454	26,712
Port of Salem Operations	61,551	61,551	59,781	60,344	60,344	60,344
Utilities	1,519,368	1,519,368	1,479,510	1,489,576	1,489,576	1,409,980
Total Port Operations	11,917,201	11,917,201	11,054,316	11,683,530	11,683,530	12,416,933
Repairs & Maintenance:						
Buildings & Grounds:						
Contracted	278,567	278,567	255,297	273,105	273,105	220,924
Fees & Permits	22,203	22,203	27,034	21,768	21,768	30,600
Materials	333,133	333,133	192,090	326,600	326,600	177,481
Total Buildings & Grounds	633,903	633,903	474,421	621,473	621,473	429,005
Cranes:						
Contracted	116,201	116,201	94,306	113,923	113,923	192,593
Materials	129,783	129,783	84,972	127,238	127,238	37,432
Total Cranes	245,984	245,984	179,278	241,161	241,161	230,025
Mobile Machinery & Equipment:						
Contracted	40,807	40,807	120,044	40,007	40,007	83,802
Equipment	34,415	34,415	11,460	33,740	33,740	8,319
Materials	224,970	224,970	531,316	220,559	220,559	332,918
Small Tools	21,288	21,288	49,894	20,871	20,871	88,929
Total Mobile Machinery & Equipment	321,480	321,480	712,714	315,177	315,177	513,968
Total Repairs & Maintenance	1,201,367	1,201,367	1,366,413	1,177,811	1,177,811	1,172,998

**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**ACTUAL COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
General & Administrative:						
Labor - Office Clerical & Related	902,219	902,219	785,998	884,528	884,528	815,574
Labor - Administrative	552,599	552,599	294,316	541,764	541,764	283,630
Payroll Taxes	156,581	156,581	103,627	153,511	153,511	108,222
Workmen's Compensation	4,585	4,585	5,400	4,495	4,495	5,400
Employee Benefits:						
Hospitalization	875,100	875,100	338,615	857,941	857,941	856,200
Pension	679,564	679,564	1,029,726	666,239	666,239	1,463,507
Insurance	1,718,678	1,718,678	1,180,997	1,684,978	1,684,978	1,211,945
Professional Fees	751,378	751,378	852,331	736,646	736,646	637,780
Miscellaneous	827,616	827,616	753,771	811,388	811,388	723,905
Telephone	50,459	50,459	66,243	49,470	49,470	51,366
Utilities	32,473	32,473	30,000	31,836	31,836	30,000
Bad Debt	62,424	62,424	36,000	61,200	61,200	48,000
Total General & Administrative	6,613,676	6,613,676	5,477,024	6,483,996	6,483,996	6,235,529
Grant Expenses			4,202,989			3,193,957
Total Operating Expenses	19,732,244	19,732,244	22,100,742	19,345,337	19,345,337	23,019,417
Operating Income Before Other Operating Expenses	\$3,061,004	3,061,004	6,027,465	\$3,000,985	3,000,985	3,727,859
Other Operating Expenses:						
Depreciation			8,846,816			8,057,304
Operating Income/After Other Operating Expenses			(2,819,351)			(4,329,445)

This Page Intentionally Left Blank

## **SUPPLEMENTARY SCHEDULES**



**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF NET POSITION**  
**DECEMBER 31, 2019**

ASSETS	RESTRICTED				TOTAL
	UNRESTRICTED OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE ACCOUNT	MAINTENANCE RESERVE ACCOUNT	TAX RESERVE ACCOUNT
Current Assets:					
Cash & Cash Equivalents	\$10,937,186		23,270,214	16,214	5,118
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$316,299)	1,485,592				
Due from State			28,375,275		
Other Accounts Receivable	345,939				
Prepaid Expenses	109,051				
Inventory of Supplies	1,332,174				
Interfund Accounts Receivable	305,997,497	82,511,701	211,612,647	494,890	
Total Current Assets	320,207,439	82,511,701	263,258,136	511,104	5,118
Property, Plant & Equipment (Note 5)					
Construction in Progress					
Bond Financing Costs					
Subtotal					
Accumulated Depreciation & Amortization					
Total Property, Plant & Equipment & Construction in Progress					
Total Assets	320,207,439	82,511,701	263,258,136	511,104	5,118
DEFERRED OUTFLOW OF RESOURCES					
Pension Deferred Outflows	2,950,570				
Bond Discount, Net of Accumulated Amortization					
Total Deferred Outflows of Resources	2,950,570				
Total Assets and Deferred Outflows of Resources	\$323,158,009	82,511,701	263,258,136	511,104	5,118

**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF NET POSITION**  
**DECEMBER 31, 2019**

LIABILITIES	RESTRICTED					TOTAL
	UNRESTRICTED OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE ACCOUNT	MAINTENANCE RESERVE ACCOUNT	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT
Current Liabilities Payable from Assets:						
Accounts Payable	525,030					525,030
Contracts Payable					148,499	148,499
Capital Lease Payable					2,128,314	2,128,314
Accrued Expenses	189,529					189,529
Accrued Interest Payable		12,699,175				12,699,175
Accrued Vacation Payable	155,362					155,362
Pension Payable	726,239					726,239
Payroll Taxes Payable	56,184					56,184
Lease Security & Escrow Deposits	225,902				11,995,000	225,902
Revenue Bonds - Short Term				929	304,671,668	11,995,000
Interfund Accounts Payable	292,869,308	69,812,526	226,127,799			893,487,348
Total Current Liabilities	294,747,554	82,511,701	226,127,799	929	318,943,481	922,336,582
Long Term Liabilities Payable:						
Early Retirement Payable	1,176,600					1,176,600
Unearned Lease Revenue						
Net Pension Payable	12,726,640					12,726,640
OPEB Payable	15,262,358					15,262,358
Revenue Bonds (Long-Term Portion)					478,389,758	478,389,758
Capital Lease Payable					571,461	571,461
Total Long Term Liabilities	29,165,598				478,961,219	508,126,817
Total Liabilities	323,913,152	82,511,701	226,127,799	929	797,904,700	1,430,463,399
DEFERRED INFLOWS OF RESOURCES						
Service Concession Arrangements	287,636					287,636
Unrealized Rental Income	9,703,425					9,703,425
Gain on Bond Refunding					347,826	347,826
Pension and OPEB Deferred Inflows	20,553,970					20,553,970
Total Deferred Inflows of Resources	30,545,031				347,826	30,892,857
NET POSITION						
Net Investment in Capital Assets				510,175	20,034,626	20,544,801
Reserve for Payment of Debt Service			37,130,337			37,130,337
Reserve for Inventory Supplies	1,332,174					1,332,174
Unreserved	(32,632,348)					(32,632,348)
Net Position	(31,300,174)	-	37,130,337	510,175	20,034,626	-
Total Liabilities, Deferred Inflows of Resources and Net Position	\$323,158,009	82,511,701	263,258,136	511,104	818,287,152	1,487,731,220

**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF CHANGES IN NET POSITION ALL ACCOUNTS**  
**DECEMBER 31, 2019**

	OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE	MAINTENANCE RESERVE	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT	TOTAL
Net Position - Beginning Balance	(\$28,798,684)		37,293,188	510,175	8,999,497		18,004,176
Add:							
Excess of Revenue Over Expenses	6,027,465						6,027,465
State of New Jersey:							
Debt Service Aid			28,375,275				28,375,275
PILOT Payments						5,100,224	5,100,224
Federal Subsidy Revenue	2,913,708						2,913,708
Insurance Proceeds					121,066		121,066
Additions To Capital Contributions							
Amortization Gain on Refunding of Debt	17,391						17,391
Amortization of Bond Premium	940,961						940,961
Interest on Investments					4,155,968		4,155,968
Unrealized Gain on Investment			381,737				381,737
Interfund Transfers	11,375,275	25,411,759			15,604,911		52,391,945
Total	(7,523,884)	25,411,759	66,050,200	510,175	28,881,442	5,100,224	118,429,916
Deduct:							
Interest Expense	123,919	25,411,759					25,535,678
Depreciation/Amortization Expense					8,790,320		8,790,320
Amortization of Bond Discount on Refunding	8,972						8,972
Net Change in Reserve for Payment of Debt Service	162,851						162,851
Transfer of Depreciation to Contributed Capital					56,496		56,496
Camden City PILOT Payment						4,000,000	4,000,000
Camden County PILOT Payment						419,000	419,000
Gloucester County PILOT Payment						150,000	150,000
Paulsboro PILOT Payment						500,000	500,000
Salem PILOT Payment						31,224	31,224
Inventory of Supplies	8,466						8,466
Interfund Transfers	23,472,082		28,919,863				52,391,945
Total	23,776,290	25,411,759	28,919,863		8,846,816	5,100,224	92,054,952
Net Position December 31, 2019	(\$31,300,174)	-	37,130,337	510,175	20,034,626	-	26,374,964

## SCHEDULE 4

**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF THE CORPORATION'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY - PERS \***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Corporation's Proportion of the Net Pension Liability (Asset)	0.03269%	0.03660%	0.03954%	0.05163%	0.03065%	0.02804%	0.03179%
Corporation's Proportionate Share of the Net Pension Liability (Asset)	\$13,452,879	\$15,883,939	\$19,345,036	\$23,837,140	\$14,148,921	\$10,891,967	\$12,209,327
Corporation's Covered Employee Payroll	\$5,155,366	\$5,340,585	\$5,485,730	\$5,536,764	\$5,341,347	\$4,500,529	\$4,061,183
Corporation's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	260.95%	297.42%	352.64%	430.52%	264.89%	242.02%	300.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

## SCHEDULE 5

**SCHEDULE OF THE CORPORATION'S CONTRIBUTIONS - PERS**  
**SCHEDULE OF CONTRIBUTIONS \***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$726,237	\$802,427	\$769,860	\$541,887	\$479,587	\$481,346	\$445,119
Contributions in Relation to the Actuarially Determined Contributions	726,237	802,427	769,860	541,887	479,587	481,346	445,119
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered-Employee Payroll	\$5,155,366	\$5,340,585	\$5,485,730	\$5,536,764	\$5,341,347	\$4,500,529	\$4,061,183
Contributions as a Percentage of Covered-Employee Payroll	14.087%	15.025%	14.034%	9.787%	8.979%	10.695%	10.960%

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**AND RELATED RATIOS \***

	Last 10 Fiscal Years*			
	2019	2018	2017	2016
Proportion of the net OPEB liability	0.112670%	0.120699%	0.123908%	0.139036%
Proportionate share of net OPEB liability	\$ 15,262,358.31	\$ 18,909,451.43	\$ 25,296,796	\$ 30,195,094
Authority's covered employee payroll	\$ 5,155,366	\$ 5,340,585	\$ 5,485,730	\$ 5,536,764
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	296.05%	354.07%	461.14%	545.36%
Plan Fiduciary Net Position as a % of total OPEB liability	1.98%	1.97%	1.03%	0.69%

Souce Documents:

All data for the measurement period was provided by the State of New Jersey Department of the Treasury.

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

This Page Intentionally Left Blank

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**



## **SOUTH JERSEY PORT CORPORATION**

### **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019 AND 2018**

#### **Public Employees' Retirement System (PERS)**

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**Allocation Methodology.** GASB Statement No. 68, Accounting and Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions for employers are recognized when due, based on statutory requirements.

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries determined the unfunded liability of the System, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets.

**Changes of assumptions.** Preretirement Mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

## **SOUTH JERSEY PORT CORPORATION**

### **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019 AND 2018**

#### **Public Employees' Retirement System (PERS) continued:**

Additional detailed information about the pension plans is available in the separately issued State of New Jersey Public Employees' Retirement System – Schedules of Employer Allocations and Schedules of Pension Amounts by Employer at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>

#### **Special Funding Situation – State Health Benefit Local Education Retired Employee Plan**

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and to include their proportionate share of collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

## **SINGLE AUDIT SECTION**





BRENT W. LEE & CO., LLC  
Certified Public Accounting Firm

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF STATE AWARDS REQUIRED BY THE NEW JERSEY OMB CIRCULAR 15-08**

Board of Directors of the  
South Jersey Port Corporation  
County of Camden  
Camden, New Jersey 08103

**Report on Compliance for Each Major State Program**

I have audited the South Jersey Port Corporation's compliance with the types of compliance requirements described in the New Jersey *State Grant Compliance Supplement* that could have a direct and material effect on each of South Jersey Port Corporation's major state programs for the year ended December 31, 2019. South Jersey Port Corporation's major state programs are identified in the *Summary of Auditor's Results Section* of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state program.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of South Jersey Port Corporation's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal, State Grants and State Aid*. Those standards, New Jersey Circular OMB 15-08 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the South Jersey Port Corporation's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major state program. However, my audit does not provide a legal determination of the South Jersey Port Corporation's compliance.

609-456-8804  
3008 New Albany Rd., Cinnaminson, NJ 08077

## **Opinion on Each of the Other Major State Program**

In my opinion, the South Jersey Port Corporation, in the County of Camden, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major state program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2019.

## **Report on Internal Control over Compliance**

Management of the South Jersey Port Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance I considered South Jersey Port Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing my opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with State of New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the South Jersey Port Corporation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 5-08. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of State Awards Required by the New Jersey OMB Circular 15-08**

I have audited the financial statements of the South Jersey Port Corporation as of and for the year ended December 31, 2019, and have issued my report thereon dated July 13, 2020, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the New Jersey OMB Circular 15-08 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves,

and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditure of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

Brent W. Lee  
Certified Public Accountant

Cinnaminson, New Jersey  
July 13, 2020

Page Intentionally Left Blank

SCHEDULE A

**SOUTH JERSEY PORT CORPORATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>STATE CONTRACT NUMBER</u>	<u>GRANT PERIOD</u>	<u>AGREEMENT NUMBER</u>	<u>AWARD</u>	<u>FUNDS RECEIVED</u>	<u>FUNDS EXPENDED</u>
New Jersey Department of Transportation - Rail Freight Assistance Program Enhancing Rail Service to SJPC Marine Terminal	13-35082	5/12/15 - 5/11/20	2205631	\$4,202,989	\$4,202,989	4,202,989
			Total		\$4,202,989	4,202,989

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**SOUTH JERSEY PORT CORPORATION**  
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. General**

The South Jersey Port Corporation was created by the "South Jersey Port Corporation Act, *N.J.S.A. 12:11A*", as an instrumentality of the State of New Jersey. The Act conferred upon the Corporation the powers to establish, acquire, construct, rehabilitate, improve, operate and maintain marine terminals in the South Jersey Port district, which includes Mercer, Burlington, Camden, Gloucester, Salem, Cumberland and Cape May counties.

The South Jersey Port Corporation is a component unit of the State of New Jersey as described in Governmental Accounting Standards Board Statement No. 14 due to the existence of the above stated act, *N.J.S.A.12: 11A*.

**2. Basis of Accounting**

The accompanying schedule of expenditures of state awards is presented using the basis of accounting as described in Note 1 to the Corporation's financial statements. The information in these schedules are presented in accordance with the requirements of New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of State Grants and State Aid*, and *Audits of States, Local Governments, and Non-profit Organizations*.

**Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedule agree with amounts reported in the Corporation's financial statements.

**4. Relationship to State Financial Reports**

Amounts reported in the accompanying schedule of expenditures of state awards agree with the amounts reported in the related state financial reports, where required.

**SOUTH JERSEY PORT CORPORATION**  
**(COMPONENT UNIT OF THE STATE OF NEW JERSEY)**  
**SCHEDULE OF FINDINGS & QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section 1— Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to basic financial Statements noted?	No

**State Awards**

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08 as applicable?	No

**Identification of major programs:**

<b>GMIS Number(s)</b>	<b>Name of State Program or Cluster</b>
13-35082	NJDOT – Rail Freight Assistance Program Enhancing Rail Service to SJPC Marine Terminal
Dollar threshold used to distinguish between Type A Programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SOUTH JERSEY PORT CORPORATION  
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section II — Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a NJ OMB Circular 15-08 audit.

No financial statement findings noted that required to be reported under *Government Auditing Standards*.

**Section III — State Awards Financial Assistance Findings & Questioned Costs**

This section identifies audit findings required to be reported by New Jersey OMB Circular 15-08 Audit Requirements for State Awards, as applicable.

State Awards

None

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with *Government Auditing Standards*, New Jersey OMB's 15-08.

**Summary of Prior Year Findings**

Not Applicable

## **South Jersey Port Corporation**

101 Joseph A. Balzano Boulevard  
Camden, New Jersey 08103  
Tel: 856-757-4969

### **Follow Us!**



@SouthJerseyPortCo



south-jersey-port-corporation



@southjerseyport