

SOUTH JERSEY PORT CORPORATION 2020 ANNUAL REPORT



A MESSAGE FROM OUR LEADERSHIP

Thank you for taking the time to review the South Jersey Port Corporation's 2020 Annual Report. 2020 certainly has been challenging for all of us.

We've had to reimagine the way we do everything, including operating our business. It's no surprise to us that our employees, tenants, carriers, and stakeholders rose to the occasion to ensure cargo reached its destinations during this unprecedented time. Ships continued to be loaded and unloaded while cargo moved efficiently, safely, and undamaged through our terminals.

During this time, it was essential that we protected our team and we successfully implemented stringent measures: social distancing, masks, sanitizers, health monitoring, and telecommuting when practical.

To our workers: without you – and millions of other marine terminal workers around the world – the global economy would grind to a halt and the goods that supply so many essential consumer needs would not be available. We are so proud of you. You're not just essential, you're critical.

2020 brought its economic challenges, too. COVID-19 and tariffs on imported steel caused significant decreases in sand, cement, and steel slab volumes, but we finished the year with increases in ships, and total volumes in 2020 for scrap, gypsum, wood products, and cocoa beans exceeding 2019. The cocoa bean season started a month early, winter steel is arriving, and 2021 is looking optimistic as construction commodities such as wood products, steel pipe, cement, and sand trend up. Year over year November tonnage for recycled metal was up 33%, Camden steel 63%, gypsum 37%, and sand 35%. Due to SJPC's team and resiliency, we weathered a tough year, and our business is trending up for a promising 2021.

Looking forward to the future we are focused on strengthening our infrastructure, sustainability initiatives, and developing business to continue our mission of creating jobs. We are excited about New Jersey's offshore wind development and monopile manufacturing facilities and the opportunity and possibilities this emerging industry brings to the region. SJPC stands ready to do our part to help make Governor Murphy's vision to establish New Jersey as a leader in offshore wind a reality.

Sincerely,

RICHARD A. ALAIMO
Chairman of the Board



ANDY SAPORITO
Executive Director & CEO



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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 \$77.8 billion economic engine supporting more than 190,000 jobs across three states. The SJPC and the 40+ port-related businesses are among Camden's largest employers and taxpayers.



\$77.8 Billion
Regional Economic Impact



40+

Camden Port
Related Businesses

Job Creation



Supports 190,000+ 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

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 at 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 from 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 the 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
William R. Higgins
Salem 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 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 everyday operations and our success. They are the stewards that drive customer satisfaction.

A “CAN-DO” PARTNERSHIP FOCUSED ON CUSTOMER SATISFACTION

“For more than four decades the dockside workers from Delaware River Stevedores (DRS) have teamed with the South Jersey Port Corporation's (SJPC) crews to deliver the reliable, drama-free, high-quality, efficient services that our mutual customers depend upon,” said Andy Saporito, CEO of SJPC.

“We've had a very long and successful business at the South Jersey Port terminals because of our mutual goals and collaboration,” explained Robert W. Palaima, DRS's president. “Our mutual success is built on the tonnage we move through the SJPC terminals, and the more cargo we handle, the more jobs with good salaries and benefits we create.”

It's a successful partnership from the dock to the warehouse to the office. It's built on mutual respect, shared experience, and we are almost indistinguishable except for logos on the hardhat. Everyone knows their task – as well as that of their partners – and they are always flexible to deal with the inevitable variables: weather, late arrivals, special-handling cargo.

It requires the choreography of an always-changing, international, multi-lingual cast of dockside and ship crews, truckers, and railroad crews. “Our crews are a Swiss Army knife of adaptability to always-changing cargo,” says Palaima. “Whether it's specialty steel or cattle, our expertise in special handling and our adaptability is key to our ‘trust’ formula.”

Tata Steel Europe invested its trust in the ability of the SJ Port / DRS partnership to handle their steel shipments to the American industrial heartland during the winter months. Initially, it started out small, but as the SJ Port/DRS partnership exceeded expectations, the business relationship has grown exponentially – even beyond the ice season.

At South Jersey Port Corporation in Camden, DRS handles breakbulk steel from Northern Europe and Korea, cocoa beans from the Ivory Coast, and plywood from Malaysia and Indonesia for a wide range of customers.

DRS generates more than 650,000-work-hours per year in the tri-state area of the Philadelphia-Camden Port and is known for its ability to handle just about any type of cargo—from steel to cars to cocoa beans—even massive beer-making tanks from Germany to satisfy the demand for local breweries.

That translates into jobs, good-paying family-sustaining jobs, which is a key to our mission.

“We are hungry and we never forget how competitive our industry is,” added CEO Saporito. “We recognize our jobs, from our administrative offices to the wharves to the security gates and the warehouses, depend on our customers – our current customers and future customers. We only succeed if they succeed.”

“That's the focus of our partnership,” Palaima emphasized. “Happy, successful customers and jobs!”

2020 EMPLOYEES



Andy Saporito
Executive Director & CEO



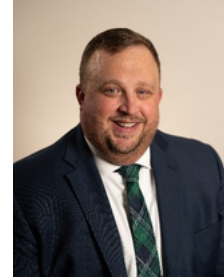
Bruno N. Cellucci, CPA
Assistant Executive Director
Chief Financial Officer



Kevin Duffy
Assistant Executive Director
Chief Operating Officer



Brendan Dugan
Assistant Executive Director
Business Development



Johnathan Atwood
Chief of Staff
and External Affairs



George Englehardt
Facilities Engineer

Daniel F. Aaron
David Acevedo
Robert Albanese
Michael Anderson
Stephen Anderson
Kevin Armstrong
Rasheem Bailey
Robert Bak
Eddie W. Bell
Steven A. Bell
Robert F. Bessing
Michael Bosco
Anthony Boyizigies
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 ²)
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 CAPACTIV:	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

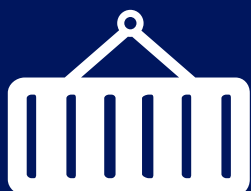
2020 AT A GLANCE



4 TERMINALS
3 MUNICIPALITIES
40+ TENANTS

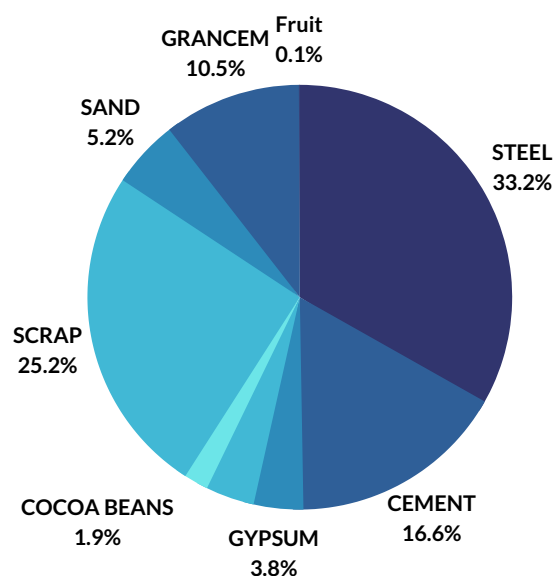
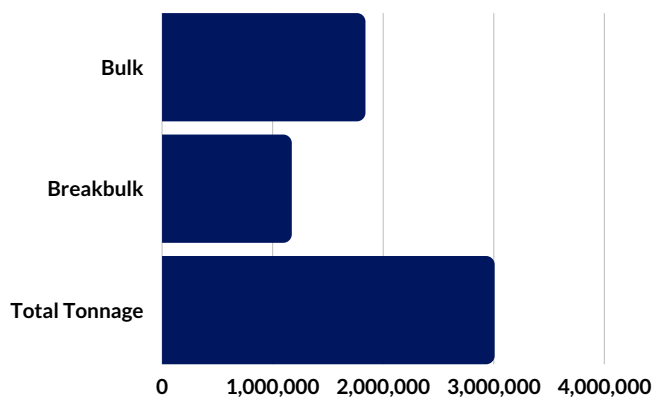


204
Ship Calls in 2020



3,003,051
Tons of Cargo passed
through SJPC in 2020

Cargo Tonnage



2020 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.

Camden Plant Holdings

Camden County Dept. of Corrections

Camden International Commodities Terminal

Camden Iron & Metal

Camden Yards Steel

Central Metals

D & M Transportation Services

Delaware River Stevedores

Camden Waterfront Development

Federal Warehousing & Distribution, Inc.

Fullline Trailer –Champion

Harry Wilson Welding

Essroc – Italcementi Group

Industrial Commercial

John Lawrie, Inc.

Joseph Oat Corporation

Lehigh Hanson Inc.

Mid-Atlantic Salt

Mid-Atlantic Shipping

Nutsco

Seamen's Church Institute

State Metals

Tri-State Bulk Handling, Inc.

US Concrete

2020 NEWS & HIGHLIGHTS

New Jersey Puts Down its Marker to be the Epicenter of the Job-Rich Offshore Wind Industry

Officials from the State of New Jersey and South Jersey Port Corporation announced the nation's largest investment to date in industrial offshore wind energy. The state committed a \$250 million investment in EEW manufacturing facilities for Ørsted at the Paulsboro Marine Terminal to develop and support wind-energy turbine farms off the Atlantic coast.

The investment will turn the once defunct petrochemical tank farm at Paulsboro Marine Terminal, a major deep-water port along the Delaware River, into a manufacturing hub for offshore wind energy while continuing to be a general marine terminal for a host of cargos.

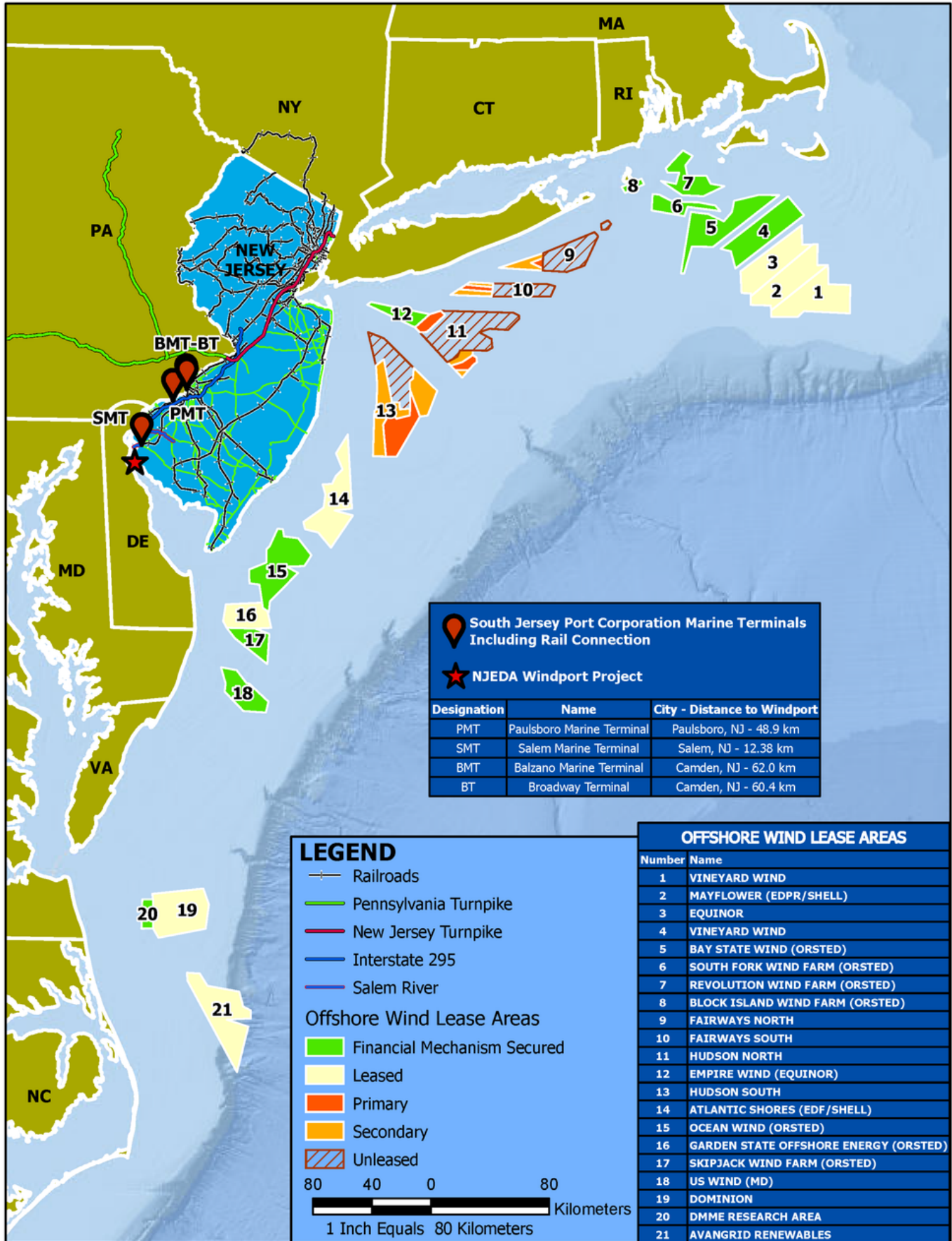
The development of the New Jersey Wind Port in Lower Alloways Township, together with the construction of the new manufacturing facility at the Paulsboro Marine Terminal, is a monumental step forward in solidifying New Jersey as the country's leader in offshore wind and clean energy procurement.

"Developing New Jersey's offshore wind capabilities has been a key priority of my administration since taking office in 2018," said New Jersey Governor Phil Murphy. "Offshore wind is a once-in-a-generation opportunity that allows us to protect our environment while significantly expanding and securing the state's economy for the immediate and long term. This is the largest industrial offshore wind investment in the United States to date and will create hundreds of high-paying jobs at a time when New Jersey's economy has been ravaged by the COVID-19 pandemic. Coupled with the creation of the New Jersey Wind Port that I announced earlier this year, this investment will continue to cement New Jersey as the leader in offshore wind in the United States."

"The South Jersey Port Corporation welcomes EEW and Ørsted to Paulsboro," said Andrew Saporito, Executive Director and Chief Executive Officer, South Jersey Port Corporation. "This new public-private project positions our ports as the epicenter of the rapidly growing Offshore Wind Energy projects, both in New Jersey and along the East Coast. This partnership represents a pivotal next step for the development of the Paulsboro Marine Terminal. It will bring jobs to the region during the construction of the facility and new highly-skilled full-time jobs staff it through completion, as well as additional jobs for waterfront labor responsible for handling the associated cargo and completed monopiles."



Offshore Wind Leasing Areas



2020 NEWS & HIGHLIGHTS

SJPC Anticipates Winter Steel Volume Increase

The SJPC put partnerships and infrastructure in place to handle anticipated increased winter steel volumes, and manufacturers and steel importers depended on the South Jersey Port as a trusted link in their supply chain. With harsh winters closing the Saint Lawrence Seaway by creating unsafe, unreliable shipping to Chicago, Cleveland, and Milwaukee, steel shippers are expected to opt for SJPC's safer, more reliable Balzano Marine Terminal for their winter shipments to the industrial Mid-West in 2021.

Teaming with Delaware River Stevedores(DRS), SJPC has had an excellent multi-year experience in handling steel year-round but critically during the winter months. The entire team is very customer-focused. We work with the customers. We listen and we respond.

Committed to ensuring seamless cargo movement from ship to dockside rail, SJPC completed a rebuild of our rail loading dock and rail siding in time for the winter steel season and are investing \$7 million – financed by the New Jersey Department of Transportation (NJDOT) for further upgrades. NJDOT has provided SJPC over \$10 million in the last five years for rail improvement projects through the state's Rail Freight Assistance Program (RFAP). Approximately 40% of the winter steel moving through SJPC's Balzano Marine Terminal in Camden is transported by "Class A" rail to Mid-West and Mid-South manufacturing locations in Illinois, Michigan, Ohio, Wisconsin, Tennessee, and the Carolinas.

Tata Steel Europe and Thyssen Krupp Steel North America use the Balzano Marine Terminal throughout the year but particularly during the winter to bring steel coils from the Netherlands and Germany to their manufacturing plants in Pennsylvania and Ohio and to other buyers throughout the Midwest.

Tata Steel International and Thyssen Krupp Steel accounted for 16% of the SJPC steel imports, which is expected to increase in 2021.



2020 NEWS & HIGHLIGHTS

John Lawrie Tubulars Expands at SJPC with a New Lease at Property in Camden City

John Lawrie Tubulars, specialists in the supply of steel tubulars for piling to the construction industry, has been expanding its services across America. Investment in a new yard and the expansion of existing sites as well as new equipment has meant the company is better placed to service the construction market now more than ever.

In May of 2020, the company expanded its footprint in Camden with an 8.5-acre lease with SJPC to complement its existing five sites across Texas, Colorado, New Jersey, Pennsylvania, and Oklahoma. The expansion includes both warehouse and office space.

Situated close to the robust intermodal transportation links at South Jersey Port's Balzano Marine Terminal, the new acreage provides John Lawrie with the additional capacity to store thousands of tons of pipe that is ready to ship to clients in the Northeast and across the country. Plans are also underway for capital investment converting the warehouse space to a state-of-the-art, full-service fabrication operation for cutting, beveling, and welding pipe to exact client specifications.

John Lawrie is a national leader in the supply of steel pipes and we are excited to see the commitment they are making to the City of Camden with this long-term lease with the South Jersey Port Corporation," said Executive Director & CEO Andy Saporito. "We are committed to the highest level of customer service and working to meet the infrastructure needs of customers and support the continued growth of our marine terminals".

Continued heavy investment in inventory at John Lawrie Tubular locations gives customers a greater selection of sizes, walls, and grades of domestic steel pipe.

John Lawrie Tubulars has a clear focus on continuing to further enhance its capabilities for the supply of more products to the pipe pile, micropile, and helical pile industry. With an inventory of over 90,000 tons of ready-to-ship steel pipe across six national locations, John Lawrie Tubulars is ideally suited to meet the steel pipe piling requirements of construction and deep foundation markets. In-house services include beveling, plasma and saw cutting, splicing to length, inspection, as well as cleaning, blasting, profiling, and adding endplates.



"It has been a pleasure working with SJPC in developing our new facility in Camden. As we continue to grow our business, we see our new Camden facility as a vital strategic location, not only to service the Northeast construction market but the Ohio Valley and Mid-Atlantic markets as well.

We look forward to a strong continued partnership with SJPC and will continue our capital investment in the Camden facility to make sure we can provide our clients with the highest quality products and service in the piling industry."

Vic Sinclair, CEO
John Lawrie Tubulars

2020 NEWS & HIGHLIGHTS

Customer Spotlight: Camden International Commodities Terminals Cocoa Imports Soar at South Jersey Port Amid the Pandemic Recession

The economy changed in 2020 and consumers shopped differently. But while the pandemic plunged the global economy into a recession, the South Jersey Port Corporation's cocoa bean imports soared 15 to 20 percent as house-bound, virus-weary Americans comforted themselves with rich, delicious, soothing chocolate.

"Chocolate is recession-proof and the future forecast for chocolate and cocoa imports look even more promising," said Jeff Wheeler, Chief Operating Officer of Camden International Commodities Terminals (CICT), which imports its cocoa beans through the SJPC terminals, the bedrock of the Port of Philadelphia's cocoa bean business.

U.S. imports of cocoa beans increased more than 12% through the first six months of 2020 when compared to the same period the previous year, according to WorldCity analysis of the latest U.S. Census Bureau data.

SJPC's soaring cocoa bean imports contribute in large part to the total Philadelphia Ports increase which rose 13.9% to \$502.8 million, solidifying the ports' status as the nation's top cocoa bean importer.

The success of the SJPC's cocoa bean business is the result of decades-long experience and expert handling of sensitive cargo and a strong partnership with CICT.

"The virus and the recession have turned up the stress levels and chocolate has always been a great, medication-free, inexpensive stress reliever," Wheeler added. "But we're looking beyond the pandemic to when the economy bounces back and we are planning for far greater growth and greater opportunities for CICT and SJPC."



2020 NEWS & HIGHLIGHTS

South Jersey Port Taking Steps to Save Energy

The South Jersey Port is continually taking steps to reduce energy and to increase sustainability in our operations. We are working on many fronts – from investments in energy-efficient equipment to the development of offshore wind. One such initiative is our Green Energy Lighting Project. The project, completed in 2020, provides our employees with better lighting, reduces our energy costs, and dramatically reduces our carbon footprint – a trifecta.

We've invested \$500,000 in clean, carbon-neutral LED lighting throughout our terminals. The new lighting will reduce our electric bill by \$77,000 per year, paying off our investment in less than seven years. Given the 15-year longevity of LED bulbs and increasing energy costs, the port will realize dramatic savings for years to come. We are also storing the old bulbs to be used as replacements in other buildings to further save money and eliminate waste.

When crews complete the project, we will realize a 600,000 kilowatt-hours reduction in electricity consumption, further helping to reduce the demand on the electrical grid. This is enough energy savings to offset the usage of 73 homes. The bottom line is that we all must do our part to minimize greenhouse gases for the sake of our planet and our livelihood.

\$77,000

Annual Energy Cost Savings as a result of lighting upgrades



SJPC lands grant award to help revitalize and expand rail facilities at Joseph A. Balzano Terminal

SJPC received a \$6 million Rail Freight Assistance Grant from the New Jersey Department of Transportation (NJDOT) in 2020 to go toward improvements to facilitate and expand rail cargo transportation at the Joseph A. Balzano Marine Terminal in Camden by increasing the efficiency of load times and nearly tripling the capacity of moving rail cargo.

The improvements provide an opportunity to expand the local economy as crucial products like steel, cocoa beans, wood, and project cargo will get to businesses and consumers in the region more easily while also providing job opportunities for residents.

SJPC facilities play a significant role within the Delaware River complex – a transportation node with proximity to the federal shipping channel and three Class 1A railways. SJPC facilities are open to the Delaware River and the Atlantic Ocean and receive ships moving four million tons of breakbulk, bulk, and containerized cargo annually.

The projects covered by the grant include expanding the port's ability to facilitate rail cargo transportation by completely removing and replacing 7,200 feet of obsolete rail and installing three turnouts, as well as other efficiency adjustments, which allow cargo transportation access to the interior of the port. Because of the increase in efficiency of load times, it is estimated that allowing Conrail access to the inside of the port would nearly triple the capacity of rail cargo transportation.

"This grant is a big win for South Jersey residents and is aligned with our mission of expanding the economy in South Jersey and providing job opportunities by increasing cargo and maritime activity," said Andrew Saporito, Executive Director & CEO of SJPC. "We are grateful to NJDOT for recognizing the potential and providing the funding to increase our rail capacity at Balzano Marine Terminal."

SJPC IN THE COMMUNITY

SJPC Signs Up to Participate in Camden Works Program

A new job training and employment placement program is aimed at helping Camden residents take part in the city's historic economic resurgence. The Camden Works employment initiative was launched by six non-profits: the State of New Jersey National Association for the Advancement of Colored People (NAACP), Cooper's Ferry Partnership, Latin America Economic Development Association, Center for Family Services, Hopeworks, and the Camden County Workforce Investment Board. These six managing partners are streamlining the hiring process for Camden residents, companies, and job training programs in order to help remove barriers to training and employment opportunities for Camden City residents in need of employment. SJPC joined in 2020 to participate in the program.



SJPC Supports the Heart of Camden

When SJPC got wind of the work of local nonprofit the Heart of Camden, we immediately called and asked what we could do to help. The neighborhood community development organization whose core mission is housing had to pivot in 2020 to meet the immediate needs of the people of Waterfront South in Camden. They provided food, diapers, and baby formula to hundreds of residents each week. In addition, it was determined that neighbors were also in need of masks. SJPC scheduled a volunteer day and donated 1,000 masks, and also supported a Heart of Camden fundraiser in September that raised funds to assist residents throughout the pandemic.



EXECUTIVE ORDER



**Governor
Phil Murphy**



**Lieutenant Governor
Sheila Y. Oliver**

**EXECUTIVE ORDER #37 (2006)
Certification of Annual Audit for Year Ending 2020**

WE ARE PLEASED TO PRESENT this report containing a record of the significant actions taken by the Port Corporation in 2020; 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 2020. 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, 2020.

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.

Andy Saporito, Executive Director & CEO

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

SOUTH JERSEY PORT CORPORATION
AUDIT REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

SOUTH JERSEY PORT CORPORATION

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SOUTH JERSEY PORT CORPORATION

BOARD OF DIRECTORS

AT DECEMBER 31, 2020

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)

Sheila Roberts
Subdistrict 2 (Camden/City of Camden)

Carl E. Styles
Subdistrict 3 (Salem)

William R. Higgins
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, 2020



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, 2020 and 2019, 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, 2020, 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.

Opinion on Summarized Comparative Information

I have previously audited the Corporation's 2019 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated July 13, 2020, in accordance with the financial reporting provisions described in Note 1. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 accompanying supplementary schedules 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated February 25, 2022 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,

A handwritten signature in black ink, appearing to read "Brent W. Lee", written in a cursive style.

Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
February 25, 2022

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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, 2020, 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 February 25, 2022.

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,

A handwritten signature in black ink, appearing to read 'Brent W. Lee', is positioned above the printed name.

Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
February 25, 2022

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, 2020.

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.

A little over 3.00 million tons of cargo passed through the Port Corporation's facilities in 2020. 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 \$29,267,150 at December 31, 2020.

Port's Net Position

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current & Other Assets	\$159,994,366	\$199,679,312
Capital Assets (Net)	420,489,388	391,434,552
Total Assets	580,483,754	591,113,864
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Deferred Outflows	8,022,668	2,950,570
Bond Discount, Net of Accumulated Amortization	170,466	179,438
Total Deferred Outflows of Resources	8,193,134	3,130,008
<u>LIABILITIES</u>		
Current Liabilities	27,071,790	28,827,628
Long-Term Liabilities	502,722,919	508,148,423
Total Liabilities	529,794,709	536,976,051
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Service Arrangements	395,905	287,636
Unrealized Rental Income	9,601,462	9,703,425
Deferred Gain on Bond Refunding	330,435	347,826
Pension Deferred Inflows	19,287,227	20,553,970
Total Deferred Inflows of Resources	29,615,029	30,892,857
<u>NET POSITION</u>		
Net Investment in Capital Assets	22,668,372	20,544,801
Restricted for:		
Reserve for Payment of Debt Service	34,600,691	37,130,337
Reserve for Inventory Supplies	1,355,329	1,332,174
Unrestricted:		
Unreserved	(29,357,242)	(32,632,348)
Total Net Position	\$29,267,150	\$26,374,964

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 \$22,668,372 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

	2020	2019
Operating Revenues:		
Marine Direct	\$19,878,094	\$20,986,573
Marine Related	2,533,302	2,394,907
Other	105,410	543,738
Grant Revenue	959,245	4,202,989
Total Operating Revenues	23,476,051	28,128,207
Operating Expenses:		
General Operating	11,651,318	11,054,316
Repairs & Maintenance	1,454,873	1,366,413
General & Administrative	6,680,651	5,477,024
Grant Expenses	959,245	4,202,989
Total Operating Expenses	20,746,087	22,100,742
Operating Income Before Other Operating Expenses	2,729,964	6,027,465
Other Operating Expenses:		
Depreciation	9,310,667	8,846,816
Total Other Operating Expenses	9,310,667	8,846,816
Operating Income/(Loss) After Other Operating Expenses	(6,580,703)	(2,819,351)
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	1,182,241	4,155,968
Insurance Proceeds		121,066
Federal Subsidy Revenue	2,886,255	2,913,708
Gain/(Loss) on Sale of Assets	(3,401)	
Amortization Gain on Refunding of Debt	17,391	17,391
Amortization of Bond Discount on Refunding	(8,972)	(8,972)
Amortization of Bond Premium	937,980	940,961
Net Change in Developers' Escrow	(16,929)	
Net Change in Reserve for Payment of Debt Service		(162,851)
Unrealized Gain/(Loss) on Investment	289,619	381,737
Interest Expense	(24,998,450)	(25,535,678)
Net Nonoperating Revenue/(Expenses)	(19,714,266)	(17,176,670)

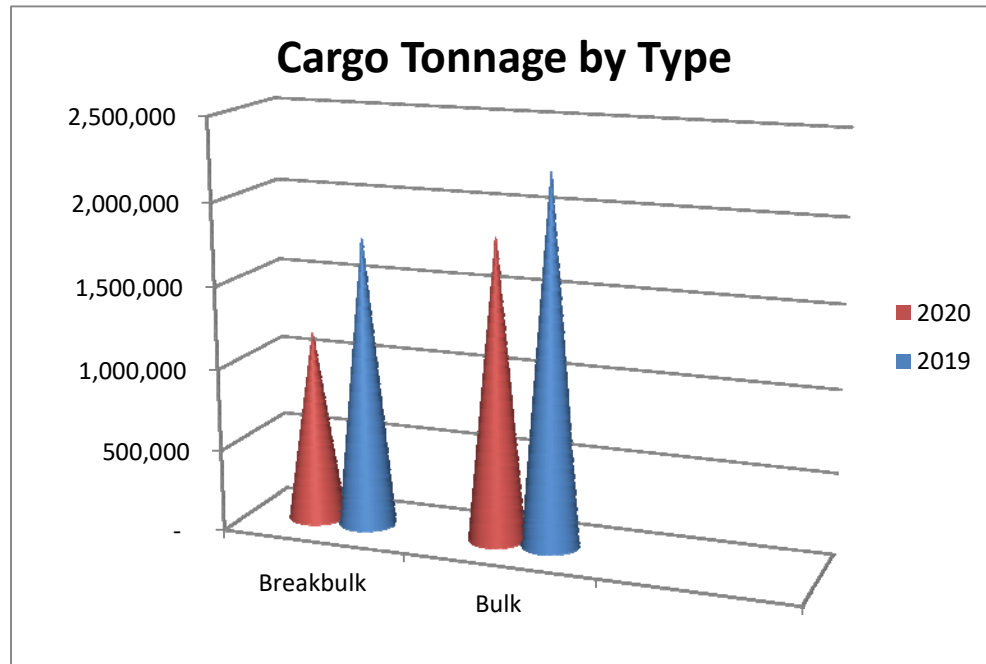
Operating Transfers To/ From the State of New Jersey/Other:

Debt Service Aid	29,164,000	28,375,275
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	23,155	(8,466)
	<hr/>	
Total Operating Transfers	29,187,155	28,366,809
	<hr/>	
Net Income/(Loss) Before Contributions	2,892,186	8,370,788
Additions to Capital Contributions		
	<hr/>	
Change in Net Position	2,892,186	8,370,788
	<hr/>	
Net Position - Beginning of Year	\$26,374,964	\$18,004,176
	<hr/>	
Net Position - End of Year	\$29,267,150	\$26,374,964
	<hr/>	

Port activity for 2020 resulted in operating income before depreciation and amortization of \$2,729,964.

Cargo Tonnage

The South Jersey Port Corporation activity for 2020 totaled 3,003,052 tons. This is a decrease of approximately 25% as compared to 2019.



Breakbulk

Breakbulk activity for 2020 decreased 36.3% when compared to 2019 Port totals.

Bulk

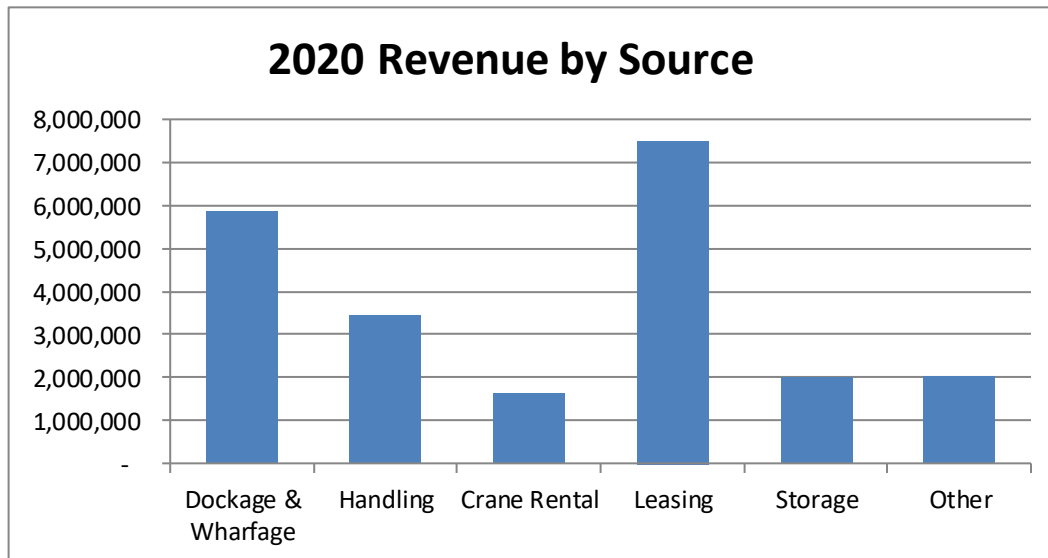
Dry bulk cargoes collectively reached 1,837,632 tons in 2020, which was a .16.8% decrease over the prior year. Export recycled scrap metals decreased by 20% from 2019 while export Grancem® decreased 2.4% and import cement finished down 5.4% from 2019. Other bulk cargo activity resulted from Road Salt, Sand and Gypsum.

Other Activity

Ship calls totaled 204 for the year ended 2020, 43 less than 2019. Ship days in 2020 totaled 548, a decrease of 20% from 2019.

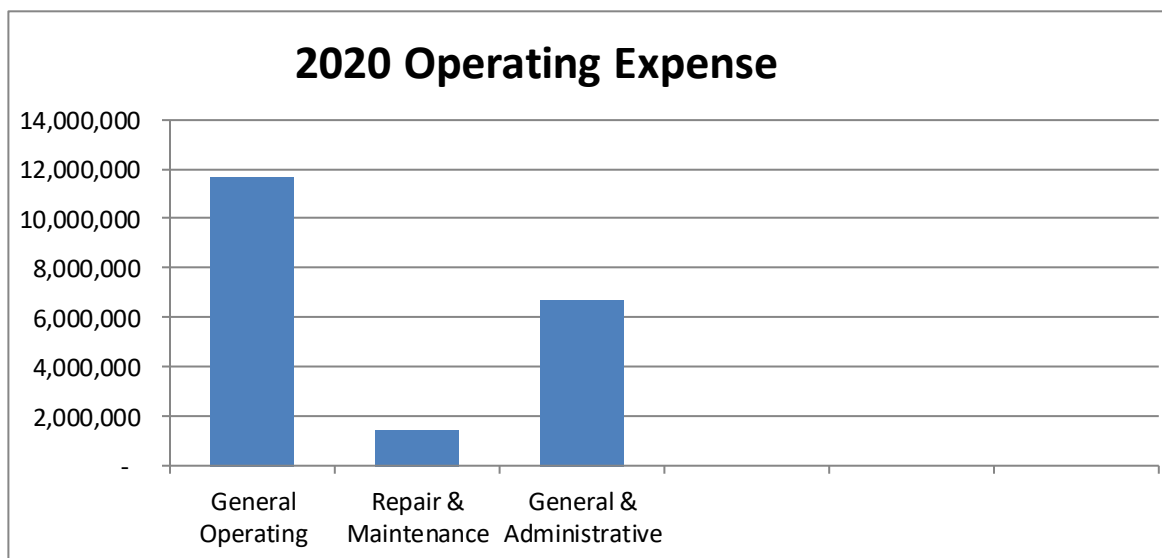
Operating Revenues

The Port Corporation generated \$23,476,051 total in operating revenues in 2020. This represents an overall decrease of \$4,652,156 over 2019 totals.



Operating Expenses

Total Corporation operating expenses were \$20,746,087 in 2020, an decrease of \$1,354,655 when compared to 2019.



Capital Assets

The Port's investment in Capital assets as of December 31, 2020 is \$420,489,389.

The investment in capital assets include land, buildings, piers and berths, and machinery and equipment. Net capital assets increased by \$29,054,837 in 2020 over 2019.

	2020	2019
Land	\$19,177,117	\$19,177,117
Building & Improvements	57,204,294	56,957,178
Land Improvements	285,069,264	284,403,532
Equipment	28,125,034	27,060,179
Engineering & Other	11,636,673	11,636,673
Financing Costs	9,159,938	9,159,938
Subtotal	\$410,372,320	\$408,394,617
Less: Accumulated Depreciation & Amortization	146,632,075	137,305,807
Subtotal	263,740,245	271,088,810
Construction in Progress	156,749,143	120,345,742
Total	\$420,489,388	\$391,434,552

Long-Term Debt

As of December 31, 2020 the Port had accumulated long-term debt of \$480,888,670. This balance is comprised of the following:

	<u>Long-Term Debt</u>	
	2020	2019
Revenue Bonds	\$467,486,778	\$478,389,758
Capital Lease	563,261	571,461
Net Pension Payable	11,675,687	13,452,879
Early Retirement	1,162,944	1,176,600
Total	\$480,888,670	\$493,590,698

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, 2020 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.

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BASIC FINANCIAL STATEMENTS

SOUTH JERSEY PORT CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2020 AND 2019

ASSETS			
		2020	2019
Current Assets:			
Unrestricted Assets:			
Cash & Cash Equivalents		\$9,482,288	10,937,186
Accounts Receivable (Net of Allowance for Doubtful			
Accounts - \$388,050 in 2020 and \$352,050 in 2019)		2,250,519	1,485,592
Other Accounts Receivable		1,853,458	345,939
Prepaid Expenses		94,223	109,051
Inventory of Supplies		1,355,329	1,332,174
		<hr/>	<hr/>
Total Unrestricted Current Assets		15,035,817	14,209,942
		<hr/>	<hr/>
Restricted Assets:			
Cash & Cash Equivalents		108,746,606	96,676,676
Investments		6,667,770	60,064,584
Other Accounts Receivable		380,173	352,835
Due from State of New Jersey		29,164,000	28,375,275
		<hr/>	<hr/>
Total Restricted Current Assets		144,958,549	185,469,370
		<hr/>	<hr/>
Property, Plant & Equipment (Note 5):			
Completed		401,212,382	399,234,679
Construction in Progress		156,749,143	120,345,742
Bond Financing Costs		9,159,938	9,159,938
		<hr/>	<hr/>
Total Property, Plant & Equipment		567,121,463	528,740,359
Less: Accumulated Depreciation & Amortization		146,632,075	137,305,807
		<hr/>	<hr/>
Net Property, Plant & Equipment		420,489,388	391,434,552
		<hr/>	<hr/>
Total Assets		580,483,754	591,113,864
		<hr/>	<hr/>
DEFERRED OUTFLOW OF RESOURCES			
Pension and OPEB Deferred Outflows		8,022,668	2,950,570
Bond Discount, Net of Accumulated Amortization		170,466	179,438
		<hr/>	<hr/>
Total Deferred Outflows of Resources		8,193,134	3,130,008
		<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources		\$588,676,888	594,243,872
		<hr/>	<hr/>

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

SOUTH JERSEY PORT CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2020 AND 2019

LIABILITIES	2020	2019
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	912,996	525,030
Accrued Expenses	129,426	189,529
Payroll Taxes Payable	144,857	56,184
Accrued Vacation Payable	135,433	133,756
Pension Payable	783,242	726,239
Lease Security & Escrow Deposits	208,973	225,902
Total Current Liabilities Payable From Unrestricted Assets	<u>2,314,927</u>	<u>1,856,640</u>
Current Liabilities Payable From Restricted Assets:		
Accrued Interest Payable	12,436,162	12,699,175
Contracts Payable	77,248	148,499
Revenue Bonds Payable (Short-Term Portion)	9,965,000	11,995,000
Capital Lease Payable	2,278,453	2,128,314
Total Current Liabilities Payable From Restricted Assets	<u>24,756,863</u>	<u>26,970,988</u>
Long-Term Liabilities:		
Long-Term Liabilities Payable From Unrestricted Assets:		
Vacation Payable	55,009	21,606
Early Retirement Payable	1,162,944	1,176,600
Unearned Lease Revenue		
Net Pension Payable	10,892,445	12,726,640
OPEB Payable	22,562,482	15,262,358
Total Long-Term Liabilities Payable From Unrestricted Assets	<u>34,672,880</u>	<u>29,187,204</u>
Long-Term Liabilities Payable From Restricted Assets:		
Revenue Bonds Payable (Net of Unamortized Premium)	467,486,778	478,389,758
Capital Lease Payable	563,261	571,461
Total Long-Term Liabilities Payable From Restricted Assets	<u>468,050,039</u>	<u>478,961,219</u>
Total Liabilities	<u>529,794,709</u>	<u>536,976,051</u>
DEFERRED INFLOWS OF RESOURCES		
Service Arrangements	395,905	287,636
Unrealized Rental Income	9,601,462	9,703,425
Gain on Bond Refunding, Net of Accumulated Amortization	330,435	347,826
Pension and OPEB Deferred Inflows	19,287,227	20,553,970
Total Deferred Inflows of Resources	<u>29,615,029</u>	<u>30,892,857</u>
NET POSITION		
Net Investment in Capital Assets	22,668,372	20,544,801
Restricted:		
Reserve for Payment of Debt Service	34,600,691	37,130,337
Reserve for Inventory of Supplies	1,355,329	1,332,174
Unrestricted:		
Unreserved	<u>(29,357,242)</u>	<u>(32,632,348)</u>
Total Net Position	<u>29,267,150</u>	<u>26,374,964</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>588,676,888</u></u>	<u><u>594,243,872</u></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, 2020 AND 2019

	2020	2019
Operating Revenues:		
Marine Direct	\$19,878,094	20,986,573
Marine Related	2,533,302	2,394,907
Other	105,410	543,738
Grant Revenue	959,245	4,202,989
	<hr/>	<hr/>
Total Operating Revenues	23,476,051	28,128,207
	<hr/>	<hr/>
Operating Expenses:		
General Operating	11,651,318	11,054,316
Repairs & Maintenance	1,454,873	1,366,413
General & Administrative	6,680,651	5,477,024
Grant Expenses	959,245	4,202,989
	<hr/>	<hr/>
Total Operating Expenses	20,746,087	22,100,742
	<hr/>	<hr/>
Operating Income Before Other Operating Expenses	2,729,964	6,027,465
	<hr/>	<hr/>
Other Operating Expenses:		
Depreciation	9,310,667	8,846,816
	<hr/>	<hr/>
Total Other Operating Expenses	9,310,667	8,846,816
	<hr/>	<hr/>
Operating Income/(Loss) After Other Operating Expenses	(6,580,703)	(2,819,351)
	<hr/>	<hr/>
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	1,182,241	4,155,968
Insurance Proceeds		121,066
Federal Subsidy Revenue	2,886,255	2,913,708
Gain/(Loss) on Sale of Assets	(3,401)	
Amortization Gain on Refunding of Debt	17,391	17,391
Amortization of Bond Discount on Refunding	(8,972)	(8,972)
Amortization of Bond Premium	937,980	940,961
Net Change in Developers' Escrow	(16,929)	
Net Change in Reserve for Payment of Debt Service		(162,851)
Unrealized Gain/(Loss) on Investment	289,619	381,737
Interest Expense	(24,998,450)	(25,535,678)
	<hr/>	<hr/>
Net Nonoperating Revenue/(Expenses)	(19,714,266)	(17,176,670)
	<hr/>	<hr/>
Net Income/(Loss) Before Transfers	(26,294,969)	(19,996,021)
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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, 2020 AND 2019

	2020	2019
Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	29,164,000	28,375,275
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	23,155	(8,466)
	<hr/>	<hr/>
Total Operating Transfers	29,187,155	28,366,809
	<hr/>	<hr/>
Change in Net Position	2,892,186	8,370,788
	<hr/>	<hr/>
Net Position - Beginning of Year	26,374,964	18,004,176
	<hr/>	<hr/>
Net Position - End of Year	<u>\$29,267,150</u>	<u>26,374,964</u>

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, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 20,323,710	\$ 27,632,944
Interest Receipts	78,660	278,782
Payments to Employees	(6,110,078)	(5,349,563)
Payments for Employee Benefits	(4,925,842)	(5,043,264)
Payments to Suppliers	(10,096,058)	(38,328,455)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(729,608)	(20,809,556)
Cash Flows From Noncapital Financing Activities:		
Tenant and Developer Escrow Refunds	(16,929)	(73,057)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	(16,929)	(73,057)
Cash Flows From Capital & Related Financing Activities:		
Acquisition & Construction of Capital Assets	(38,442,836)	(37,703,766)
Capital Lease Payments	141,939	(331,382)
Federal Interest Subsidy	2,886,255	2,913,708
Insurance Proceeds		95,019
Interest Paid on Revenue Bonds	(25,261,463)	(25,790,516)
Principal Paid on Revenue Bonds	(11,995,000)	(11,640,000)
State Aid for Debt Service	29,164,000	17,650,000
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	(43,507,105)	(54,806,937)
Cash Flows From Investing Activities:		
Unrealized Gain/(Loss) on Investment	289,619	381,737
Interest & Dividends	1,182,241	4,155,968
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities	\$ 1,471,860	\$ 4,537,705

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, 2020 AND 2019

	2020	2019
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (42,781,782)	\$ (71,151,845)
Balances - Beginning of Year	<u>167,678,446</u>	<u>238,830,291</u>
Balances - End of Year	<u><u>\$ 124,896,664</u></u>	<u><u>\$ 167,678,446</u></u>

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

Operating Income/(Loss)	\$ (6,580,703)	\$ (2,819,351)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used)		
by Operating Activities:		
Operating Activities:		
Depreciation & Net Amortization	9,310,667	8,846,816
(Increase)/Decrease in Accounts Receivable, Net	(3,088,509)	(283,277)
(Increase)/Decrease in Prepaid Expenses	14,828	66,796
Increase/(Decrease) in Accounts Payable	(399,373)	(1,071,448)
Increase/(Decrease) in Accrued Liabilities	35,080	(13,020)
Increase/(Decrease) in Contracts Payable	(71,251)	(25,226,734)
Increase/(Decrease) in Early Retirement Payable	(13,656)	(8,680)
Increase/(Decrease) in Pension Payable	57,003	(76,188)
Increase/(Decrease) in Service Arrangements	108,269	(122,508)
Increase/(Decrease) in Unrealized Rental Income	<u>(101,963)</u>	<u>(101,962)</u>
Total Adjustments	<u>5,851,095</u>	<u>(17,990,205)</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (729,608)</u></u>	<u><u>\$ (20,809,556)</u></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, 2020 AND 2019**

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

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, 2020:

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. Statement 83 is effective for the reporting period beginning after June 15, 2018 but has been extended by one year. 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.

Statement 90, *Majority Equity Interests – an amendment of GASB statements 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. 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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

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 No. 87, *Leases*. Statement No. 87 establishes a 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 of the right to use an underlying asset. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. 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, 2020. Management has not yet determined the potential impact on the Corporation's financial statements.

Statement 92, *Omnibus 2020*. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management does not expect this statement to have a material impact on the Corporation's financial statements.

Statement 93, *Replacement of Interbank Offered Rates*. This Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management does not expect this statement to have a material 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, 2020 AND 2019

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 101 full time employees and 10 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, 2020 AND 2019

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
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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 2020 included \$11,995,000 for principal and \$25,135,337 for interest. 2019 included \$11,640,000 for principal and \$25,653,188 for interest. The funds to pay down the debt service were provided from debt service accounts within the Construction Fund for 2020 and 2019.

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, 2020 AND 2019

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 \$17,873,000 for Senior Lien Bonds and \$11,291,000 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 \$34,600,691.

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 2020 and 2019 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, 2020 AND 2019

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 2020 and 2019 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 May 5, 2021 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, 2020 AND 2019

2. Cash and Cash Equivalents (continued):

Type	2020 Carrying Value	2019 Carrying Value
Deposits:		
Demand Deposits	<u>\$118,228,894</u>	<u>\$107,613,862</u>
Total Deposits	<u>\$118,228,894</u>	<u>\$107,613,862</u>
Reconciliation of Statement of Net Position:		
Current:		
Unrestricted Assets:		
Cash & Cash Equivalents	\$ 9,482,288	\$100,613,186
Restricted Assets:		
Cash & Cash Equivalents	<u>108,746,606</u>	<u>96,676,676</u>
Total	<u>\$118,228,894</u>	<u>\$107,613,862</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, 2020 and 2019, the Corporation's bank balance of \$118,508,467 and \$107,792,573 respectively, was insured or collateralized as follows:

	<u>2020</u>	<u>2019</u>
Insured	\$ 1,000,000	\$ 1,164,037
Collateralized in the Corporation's Name Under GUDPA (See Note 3)	117,106,296	106,228,500
Collateralized not in the Corporation's Name (New Jersey Cash Management Fund)	<u>402,171</u>	<u>400,036</u>
Total	<u>\$118,508,467</u>	<u>\$107,792,573</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, 2020 AND 2019

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, 2020 and 2019, 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, 2020 AND 2019

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:

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	<u>2020 Fair Value</u>
US Treasury Notes	6/30/21	Aaa	\$ 812,887
Taxable Bonds	1/21/21	N/A	<u>5,854,883</u>
Total			<u>\$ 6,667,770</u>

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 3. Investments (continued):

C. Investment Credit Risk (continued):

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	<u>2019 Fair Value</u>
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>

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.

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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

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

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.

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, 2020 and 2019:

<u>Description</u>	<u>Balance</u> <u>December 31,</u> <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance</u> <u>December 31,</u> <u>2020</u>
Land	\$ 19,177,117				\$ 19,177,117
Construction in Progress	120,345,742	37,470,068		(1,066,667)	156,749,143

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 5. Property, Plant & Equipment (Continued):

<u>Description</u>	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance December 31, 2020</u>
<u>Capital Assets Being Depreciated:</u>					
Building & Improvements	\$ 56,957,178			247,116	\$ 57,204,294
Land Improvements	284,403,532	57,645		608,087	285,069,264
Equipment	27,060,179	883,937	30,546	211,464	28,125,034
Engineering & Other	11,636,673				11,636,673
Financing Costs	9,159,938				9,159,938
Total Assets Being Depreciated	389,217,500	941,582	30,546	1,066,667	391,195,203
<u>Less: Accumulated Depreciation:</u>					
Building & Improvements	\$ 24,408,497	1,262,315			\$ 25,670,812
Land Improvements	78,385,090	6,044,746			84,429,836
Equipment	18,966,334	917,800	27,145		19,856,989
Engineering & Other	6,931,034	1,027,875			7,958,909
Financing Costs	8,614,852	100,677			8,715,529
Total Accumulated Depreciation	137,305,807	9,353,413	27,145		146,632,075
Net Assets Being Depreciated	251,911,693	(8,411,831)	3,401	1,066,667	244,563,128
Total Capital Assets	\$ 391,434,552	29,058,237	3,401	-	\$ 420,489,388
<u>Description</u>	<u>Balance December 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance December 31, 2019</u>
Land	\$ 19,177,117				\$ 19,177,117
Construction in Progress	87,136,763	37,641,923		(4,432,944)	120,345,742
<u>Capital Assets Being Depreciated:</u>					
Building & 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
Total Assets Being Depreciated	\$ 384,726,834	57,722	-	4,432,944	389,217,500

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 5. Property, Plant & Equipment (Continued):

<u>Description</u>	<u>Balance</u> <u>December 31,</u> <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance</u> <u>December 31,</u> <u>2019</u>
<u>Less: Accumulated Depreciation:</u>					
Building & Improvements	\$ 23,150,438	1,258,059			\$ 24,408,497
Land Improvements	72,338,892	6,046,198			78,385,090
Equipment	18,099,147	867,187			18,966,344
Engineering & Other	6,343,535	587,499			6,931,034
Financing Costs	8,470,483	144,369			8,614,852
Total Accumulated Depreciation					
Depreciation	<u>128,402,495</u>	<u>8,903,312</u>	<u>-</u>	<u>-</u>	<u>137,305,807</u>
Net Assets Being					
Depreciated	<u>256,324,339</u>	<u>(8,845,590)</u>	<u>-</u>	<u>4,432,944</u>	<u>251,911,693</u>
Total Capital Assets	<u>\$ 362,638,219</u>	<u>28,796,333</u>	<u>-</u>	<u>-</u>	<u>\$ 391,434,552</u>

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.

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.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 6. Pension Plan (continued):

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
--------------------	--------------------------

- | | |
|---|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010 |
| 4 | Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

At December 31, 2020 the Corporation reported a liability of \$11,675,687 for its proportionate share of the net pension liability as measured as of June 30, 2020, 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 \$783,242 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, 2020, the Corporation's proportion was .0715975422% which decreased slightly by .00301% from its proportion measured as of June 30, 2019.

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, 2020 and 2019, the Corporation recognized pension expense of \$556,298 and \$985,590 respectively. At December 31, 2020 and 2019, the Corporation reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 6. Pension Plan (continued):

	<u>December 31, 2020</u>		<u>December 31, 2019</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	\$ 212,595	41,290	\$ 241,462	59,429
Changes of Assumptions	378,772	4,888,721	1,343,319	4,669,452
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	399,084	-		212,359
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	508,974	1,651,096	1,353,217	1,528,189
Authority Contributions Subsequent to The Measurement Date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$1,499,425</u>	<u>\$6,581,107</u>	<u>\$2,937,998</u>	<u>\$6,469,429</u>

\$1,499,425 and \$2,937,998 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, 2020 and 2019. Other amounts 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,	
2021	\$ (975,523)	2020	\$ (654,133)
2022	(975,523)	2021	(654,133)
2023	(975,523)	2022	(654,133)
2024	(975,523)	2023	(654,133)
2025	(975,523)	2024	(654,133)
Thereafter	<u>(204,067)</u>	Thereafter	<u>(260,764)</u>
Total	<u>\$(5,081,682)</u>	Total	<u>\$(3,531,431)</u>

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 6. Pension Plan (continued):

Additional Information

Collective balances at November 30, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Collective deferred outflows of resources	\$ 1,499,425	\$ 2,937,998
Collective deferred inflows of resources	6,581,107	6,469,429
Collective net pension liability	11,675,687	13,452,879
 District's Proportion	 .0715975422%	 .0746615546%

Actuarial Assumptions

The total pension liability in the June 30, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

<u>2020</u>		<u>2019</u>	
Inflation Rate		Inflation Rate	
Price	2.75%	Price	2.75%
Wage	3.25%	Wage	3.25%
 Salary Increases:	 2.00 – 6.00%	 Salary Increases:	 2.00 – 6.00%
Through 2026	Based on Years of Service	Through 2026	Based on Years of Service
 Thereafter	 3.00 – 7.00%	 Thereafter	 3.00 – 7.00%
	Based on Years of Service		Based on Years of Service

The actuarial assumptions used in the July 1, 2019 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 (7.00% at June 30, 2020) 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

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 6. Pension Plan (continued):

arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 and 2019 are summarized in the following tables:

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2020</u>		<u>Measurement Date</u> <u>June 30, 2019</u>	
	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.00%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
High Yield	2.00%	5.95%	2.00%	5.37%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Assets	3.00%	9.73%	2.50%	9.31%
Real Estate	8.00%	9.56%	7.50%	8.33%
U.S. Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Mkt Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
Private Equity	<u>13.00%</u>	11.42%	<u>12.00%</u>	10.85%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and 2019, respectively. 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 and the non-employer contributing entity will be made based on 78% 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. 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, 2020 AND 2019

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, 2020 and 2019, 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:

2019			
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
Corporation's Proportionate Share of Net Pension Liability	\$ 14,697,742	\$ 11,675,687	\$ 9,111,391
2019			
	<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

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, 2020 and 2019 was \$783,241 and \$726,239 respectively.

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>.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 6. Pension Plan (continued):

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 \$1,162,944 as of December 31, 2020.

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 Corporation made its payment towards the ERI Program in 2020 and 2019 for \$110,725 and \$106,466 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>
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>\$1,162,944</u>	<u>\$ 943,436</u>	<u>\$2,106,380</u>

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 7. Long-Term Debt

The following is a summary of long-term debt at December 31, 2020:

Issue	Initial Date of Issue	Date of Final Maturity	Interest Rates	Original Issue Amount	Principal Balance Outstanding
Series 2009 P Marine Terminal Revenue Bonds	12/30/09	01/01/40	2.995% 7.365%	157,880,000	128,285,000
Series 2012 Q Marine Terminal Refunding Bonds	10/17/12	01/01/33	3.000% 3.250%	60,060,000	31,670,000
Series 2012 R Marine Terminal Refunding Bonds	10/17/12	01/01/24	4.000%	16,050,000	5,720,000
Series 2016 S Marine Terminal Refunding Bonds	09/29/16	01/01/39	5.125% 5.875%	40,320,000	36,435,000
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					\$457,110,000
Add: Unamortized Bond Premium					20,341,778
Less: Current Maturities Included in Current Liabilities					<u>9,965,000</u>
Balance					<u>\$467,486,778</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):

Year	Principal	Interest	Total
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	11,740,000	22,502,585	34,242,585
2026-2030	67,255,000	101,965,030	169,220,030
2031-2035	80,635,000	81,206,031	161,841,031
2036-2040	98,885,000	54,329,987	153,214,987

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 7. Long-Term Debt (continued):

Year	Principal	Interest	Total
2041-2045	78,355,000	29,676,125	108,031,125
2046-2049	<u>78,000,000</u>	<u>8,037,500</u>	<u>86,037,500</u>
Total	<u>\$457,110,000</u>	<u>393,325,896</u>	<u>\$850,435,896</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, 2020 AND 2019

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	
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>118,765,000</u>		<u>\$128,285,000</u>

Issue Year	.....SERIES Q.....		.....SERIES R.....	
	Annual Principal	Interest Rate	Annual Principal	Interest Rate
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, 2020 AND 2019**

Note 7. Long-Term Debt (continued):

Issue Year	.....SERIES Q.....		.....SERIES R.....	
	Annual Principal	Interest Rate	Annual Principal	Interest Rate
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>\$31,670,000</u>		<u>\$ 5,720,000</u>	

Issue Year	.....SERIES S-1.....		.....SERIES S-2.....		Series S Total Principal
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	
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
2036	2,100,000	3.75	-		2,100,000
2037	2,185,000	5.00	-		2,185,000

SOUTH JERSEY PORT CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019**

Note 7. Long-Term Debt (continued):

Issue Year	.....SERIES S-1.....		.....SERIES S-2.....		Series S
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	Total Principal
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>\$29,925,000</u>		<u>6,510,000</u>		<u>\$36,435,000</u>

Issue Year	.....SERIES A.....		.....SERIES B.....		Grand Total Principal
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	
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>\$457,110,000</u>

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 7. Long-Term Debt (continued):

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

ISSUE YEAR	SERIES A	SERIES B	SERIES P-3	SERIES S-1	GRAND TOTAL
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, 2020 AND 2019

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, 2020 AND 2019

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:

Year	Interest Subsidy to be Received
2021	\$ 2,971,302
2022	2,928,031
2023	2,928,030
2024	2,884,201
2025	2,780,716
2026-2030	11,954,110
2031-2035	7,995,149
2036-2040	<u>2,939,602</u>
Total	<u>\$37,381,141</u>

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019:

	Balance December 31, 2019	Issued	Retired	Balance December 31, 2020	Due Within One Year
<u>Restricted:</u>					
Bond Payable	\$469,105,000		(11,995,000)	457,110,000	9,965,000
Capital Lease	2,699,775	527,950	(386,011)	2,841,714	2,278,453
Total	<u>\$471,804,775</u>	527,950	(12,381,011)	<u>\$459,951,714</u>	<u>12,243,453</u>
				Add: Unamortized Bond Premium	20,341,778
				Less: Due within One Year	<u>12,243,453</u>
				Total	<u>\$468,050,039</u>

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 7. Long-Term Debt (continued):

	Balance December 31, 2018	Issued/ Adjustments	Retired	Balance December 31, 2019	Due Within One Year
<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
	<hr/>				
Total	\$483,776,157	-	(11,971,382)	\$471,804,775	14,123,314
	<hr/>				
				Add: Unamortized Bond Premium	21,279,758
				Less: Due within One Year	14,123,314
				Total	<u>\$478,961,219</u>

Note 8. Leases Obligations

At December 31, 2020, the Corporation had lease agreements in effect for the following:

Operating Lease:

Mailing Machine and seven (7) Copiers

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

Year	Amount
2021	\$ 35,448
2022	35,448
2023	35,448
2024	31,398
2025	<u>5,008</u>
Total minimum Lease Payments	<u>\$142,750</u>

Rental payments under operating leases for the year 2020 and 2019 were \$30,440 and \$5,250 respectively.

Capital Leases:

Eight (8) Forklifts and a Railcar

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
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Capital Leases (continued):

Year	Amount
2021	\$ 410,492
2022	175,917
2023	102,000
2024	102,000
2025	102,000
2026	<u>25,500</u>
Total Minimum Lease Payments	917,909
Less: Amount Representing Interest	<u>76,195</u>
Present Value of Net Minimum Lease Payments	<u>\$ 841,714</u>

Lease payments under Capital leases for the years 2020 and 2019 were \$368,011 and \$370,825 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 2020 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 2020 began in July 1, 2019 and ended June 30, 2020. Pursuant to the 2020 "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 2020 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 2020. An appropriation of \$419,000 will be required from the State to make payment to the 2021 County of Camden "PILOT Tax Agreement".

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 11. PILOT Payments (continued):

City of Salem PILOT Payments – The Corporation has entered into a 2020 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 2020. An appropriation of \$31,225 will be required from the State to make payment to the 2021 City of Salem “PILOT Tax Agreement”.

Borough of Paulsboro PILOT Payments – The Corporation has entered into a 2020 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 2020. An appropriation of \$500,000 will be required from the State to make payment to the 2021 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 2020 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 2021 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 B in the amount of \$153,071,840 and cranes for Series 2017 A in the amount of \$502,178. There are a variety of projects occurring at the Camden terminals. The total for the Broadway Terminal amounts to \$887,990 and the amount for the Balzano Marine Terminal is \$1,768,500. Total construction in progress amounted to \$156,749,144.

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 projects are being funded by a grant agreement between the NJ Department of Transportation, Gloucester County and the GCIA.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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Note 14. Paulsboro Marine Terminal Project and Financing (continued):

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.

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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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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 \$1,355,329 as of December 31, 2020 and \$1,332,174 as of December 31, 2019.

Note 16. Post-Retirement Benefits

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
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Note 16. Post-Retirement Benefits (continued):

The South Jersey Port Corporation contributions to SHBP for the year ended December 31, 2020 and 2019 was \$377,563 and \$342,095 respectively, which equaled the required contributions for the year. There were thirty-one (31) retired participants eligible at December 31, 2021 and thirty-one (31) for 2020.

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 OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding

SOUTH JERSEY PORT CORPORATION
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FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 16. Post-Retirement Benefits (continued):

Allocation Methodology (continued):

situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2020 were \$5,512,481,278 and \$12,598,993,950, 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, 2019 through June 30, 2020. Employer and non-employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and non-employer may result in immaterial differences.

Net OPEB Liability

Components of Net OPEB Liability

The Corporations share of components of the collective net OPEB liability of the participating employers in the Plan as of December 31, 2020 and 2019 are as follows:

	December 31, <u>2020</u>	December 31, <u>2019</u>
Total OPEB Liability	\$22,769,747	\$15,570,143
Plan Fiduciary Net Position	<u>207,265</u>	<u>307,785</u>
Net OPEB Liability	<u>\$22,562,482</u>	<u>\$15,262,358</u>
Plan Fiduciary Net Position		
As a % of Total OPEB Liability	0.91%	1.98%

The total OPEB liability as of December 31, 2020 was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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>2020</u>	<u>2019</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%

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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Note 16. Post-Retirement Benefits (continued):

Net OPEB Liability (continued):

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

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

Actuarial assumptions used in the July 1, 2019 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 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate for seven years.

Discount Rate

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, 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, 2020 and 2019, 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:

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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Note 16. Post-Retirement Benefits (continued):

2020			
	<u>At 1% Decrease (1.21%)</u>	<u>At Current Discount Rate (2.21%)</u>	<u>At 1% Increase (3.21%)</u>
Corporation's Proportionate Share of Net OPEB Liability	\$ 26,673,621	\$ 22,562,482	\$ 19,308,142

2019			
	<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

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

The following presents the net OPEB liability as of June 30, 2020 and 2019, 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:

2020			
	<u>At 1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>At % Increase</u>
Corporation's Proportionate Share of Net OPEB Liability	\$19,929,741	\$15,262,358	\$27,659,116

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

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, 2020 and 2019 respectively as follows:

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 16. Post-Retirement Benefits (continued):

Year ended December 31, :		Year ended December 31, :	
2021	\$ (2,572,599)	2020	\$ (1,747,118)
2022	\$ (891,290)	2021	(1,747,118)
2023	\$ (2,539,593)	2022	(1,747,118)
2024	\$ (2,144,285)	2023	(1,747,118)
2025	\$ (86,769)	2024	(1,747,118)
Thereafter	<u>2,051,659</u>	Thereafter	<u>(5,336,381)</u>
Total	<u>\$ (6,182,877)</u>	Total	<u>\$ (14,071,971)</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 May 10, 2021 and the Corporation is in material compliance with the arbitrage rebate requirements.

Note 18. Subsequent Events

The South Jersey Port Corporation has evaluated subsequent events occurring after December 31, 2020 through the date of February 25, 2022, which is the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the Corporation's financial operations. Though the impact on the Corporation's operations cannot be reasonably estimated at this date, it is likely that there will continue to be an impact on certain operating revenues and expenditures.

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, 2020 AND 2019

	2020			2019		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Revenues:						
Marine Direct:						
Leases - Marine Direct	\$7,017,323	7,017,323	6,959,065	\$6,879,728	6,879,728	6,598,127
Crane Rental	1,092,086	1,092,086	1,640,115	1,070,673	1,070,673	1,822,032
Dockage	2,279,654	2,279,654	2,549,411	2,234,955	2,234,955	2,528,756
Handling	5,215,143	5,215,143	3,431,218	5,112,886	5,112,886	3,998,864
Storage	1,875,252	1,875,252	2,009,049	1,838,483	1,838,483	2,611,139
Wharfage	3,525,910	3,525,910	3,289,236	3,456,775	3,456,775	3,427,655
Demurrage	5,684	5,684		5,570	5,570	
Total Marine Direct	21,011,052	21,011,052	19,878,094	20,599,070	20,599,070	20,986,573
Marine Related:						
Leases - Industrial	580,485	580,485	616,034	569,103	569,103	602,137
Utilities	733,357	733,357	1,064,220	718,978	718,978	988,729
Port of Salem Revenue	136,412	136,412	102,460	133,737	133,737	115,611
Miscellaneous	477,913	477,913	750,588	468,542	468,542	688,430
Total Marine Related	1,928,167	1,928,167	2,533,302	1,890,360	1,890,360	2,394,907
Other Income:						
Income on Investments	146,128	146,128	78,660	143,263	143,263	278,782
Miscellaneous	163,767	163,767	26,750	160,555	160,555	264,956
Total Other Income	309,895	309,895	105,410	303,818	303,818	543,738
Grant Revenue			959,245			4,202,989
Total Revenues	\$23,249,114	23,249,114	23,476,051	\$22,793,248	22,793,248	28,128,207
Operating Expenses:						
Port Operations:						
Labor Expense:						
Labor Crane	295,361	295,361	291,314	289,570	289,570	289,473
Labor Handling	1,658,683	1,658,683	1,798,314	1,626,159	1,626,159	1,865,843
Labor Repairs & Maintenance	1,094,369	1,094,369	804,609	1,072,910	1,072,910	722,890
Security	757,494	757,494	927,169	742,642	742,642	800,331
Supervisors	621,896	621,896	688,227	609,702	609,702	590,712
Total Labor Expense	4,427,803	4,427,803	4,509,633	4,340,983	4,340,983	4,269,249
Payroll Taxes	491,538	491,538	434,296	481,900	481,900	418,517
Workers Compensation Insurance	466,037	466,037	520,535	456,899	456,899	593,408
Employee Benefits:						
Hospitalization	1,986,758	1,986,758	847,734	1,947,802	1,947,802	624,725
Vacation, Holiday, Sick, Pension	496,837	496,837	1,020,981	487,095	487,095	937,025
Miscellaneous Employer Expenses	40,753	40,753	45,362	39,954	39,954	40,033
Total Employee Benefits	3,481,923	3,481,923	2,868,908	3,413,650	3,413,650	2,613,708
Crane Rental - Gas & Oil	101,438	101,438	170,711	99,449	99,449	220,108

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
Handling:						
Gas & Oil	245,466	245,466	22,483	240,653	240,653	37,438
Miscellaneous	77,702	77,702	23,732	76,178	76,178	55,260
Trucking Expenses	57,619	57,619	10,696	56,490	56,490	25,194
Clerking & Checking	1,929,848	1,929,848	1,750,984	1,892,007	1,892,007	1,856,719
Total Handling	2,310,635	2,310,635	1,807,895	2,265,328	2,265,328	1,974,611
Rental of Equipment	34,868	34,868	103,125	34,184	34,184	181,616
Trash Removal	138,010	138,010	166,679	135,304	135,304	220,305
Security:						
Contracted Services	25,673	25,673	76,711	25,170	25,170	35,428
Other Expenses	22,658	22,658		22,214	22,214	
Total Security	48,331	48,331	76,711	47,384	47,384	35,428
Port of Salem Operations	62,782	62,782	62,265	61,551	61,551	59,781
Utilities	1,549,755	1,549,755	1,885,391	1,519,368	1,519,368	1,479,510
Total Port Operations	12,155,545	12,155,545	11,651,318	11,917,201	11,917,201	11,054,316
Repairs & Maintenance:						
Buildings & Grounds:						
Contracted	284,138	284,138	309,899	278,567	278,567	255,297
Fees & Permits	22,647	22,647	22,870	22,203	22,203	27,034
Materials	339,796	339,796	164,806	333,133	333,133	192,090
Total Buildings & Grounds	646,581	646,581	497,575	633,903	633,903	474,421
Cranes:						
Contracted	118,525	118,525	92,054	116,201	116,201	94,306
Materials	132,379	132,379	12,622	129,783	129,783	84,972
Total Cranes	250,904	250,904	104,676	245,984	245,984	179,278
Mobile Machinery & Equipment:						
Contracted	41,623	41,623	133,963	40,807	40,807	120,044
Equipment	35,103	35,103	20,814	34,415	34,415	11,460
Materials	229,470	229,470	583,849	224,970	224,970	531,316
Small Tools	21,714	21,714	113,996	21,288	21,288	49,894
Total Mobile Machinery & Equipment	327,910	327,910	852,622	321,480	321,480	712,714
Total Repairs & Maintenance	1,225,395	1,225,395	1,454,873	1,201,367	1,201,367	1,366,413

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
General & Administrative:						
Labor - Office Clerical & Related	920,263	920,263	910,811	902,219	902,219	785,998
Labor - Administrative	1,013,651	1,013,651	689,634	552,599	552,599	294,316
Payroll Taxes	194,138	194,138	151,677	156,581	156,581	103,627
Workmen's Compensation	4,677	4,677	6,000	4,585	4,585	5,400
Employee Benefits:						
Hospitalization	892,602	892,602	789,112	875,100	875,100	338,615
Pension	693,154	693,154	486,993	679,564	679,564	1,029,726
Insurance	1,753,051	1,753,051	1,213,904	1,718,678	1,718,678	1,180,997
Professional Fees	766,405	766,405	1,539,439	751,378	751,378	852,331
Miscellaneous	844,170	844,170	738,959	827,616	827,616	753,771
Telephone	51,469	51,469	88,122	50,459	50,459	66,243
Utilities	33,122	33,122	30,000	32,473	32,473	30,000
Bad Debt	63,672	63,672	36,000	62,424	62,424	36,000
Total General & Administrative	7,230,374	7,230,374	6,680,651	6,613,676	6,613,676	5,477,024
Grant Expenses			959,245			4,202,989
Total Operating Expenses	20,611,314	20,611,314	20,746,087	19,732,244	19,732,244	22,100,742
Operating Income Before Other Operating Expenses	\$2,637,800	2,637,800	2,729,964	\$3,061,004	3,061,004	6,027,465
Other Operating Expenses:						
Depreciation			9,310,667			8,846,816
Operating Income/After Other Operating Expenses			(6,580,703)			(2,819,351)

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SUPPLEMENTARY SCHEDULES

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE DECEMBER 31, 2019	ISSUED	DECREASED	BALANCE DECEMBER 31, 2020
	DATE	AMOUNT		DATE	AMOUNT				
Marine Terminal Bonds, Series 2009 P	12/30/09	\$ 157,880,000	6.252%	2021	3,955,000				
			5.750%	2022	4,115,000				
			5.750%	2023	4,350,000				
			Variable	2024	4,600,000				
			7.065%	2025	4,825,000				
			7.065%	2026	5,045,000				
			7.065%	2027	5,275,000				
			7.065%	2028	5,520,000				
			7.065%	2029	5,775,000				
			7.365%	2030	6,040,000				
			7.365%	2031	6,325,000				
			7.365%	2032	6,630,000				
			7.365%	2033	6,945,000				
			7.365%	2034	7,280,000				
			7.365%	2035	7,630,000				
			7.365%	2036	7,995,000				
			7.365%	2037	8,375,000				
			7.365%	2038	8,775,000				
			7.365%	2039	9,195,000				
			7.365%	2040	9,635,000				
					<u>128,285,000</u>	\$ 132,085,000		3,800,000	\$ 128,285,000
Marine Terminal Bonds, Series 2012 Q	10/17/12	60,060,000	3.00%	2021	2,950,000				
			3.00%	2022	3,050,000				
			3.00%	2023	3,150,000				
			3.00%	2024	950,000				
			3.00%	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				
			3.13%	2031	2,600,000				

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE DECEMBER 31, 2019	ISSUED	DECREASED	BALANCE DECEMBER 31, 2020
	DATE	AMOUNT		DATE	AMOUNT				
Marine Terminal Bonds, Series 2012 Q (cont'd)	10/17/12	60,060,000	3.13%	2032	2,715,000				
			3.25%	2033	2,855,000				
					<u>31,670,000</u>	\$ 36,670,000		5,000,000	\$ 31,670,000
Marine Terminal Bonds, Series 2012 R	10/17/12	16,050,000	4.00%	2021	1,550,000				
			4.00%	2022	1,600,000				
			4.00%	2023	1,670,000				
			4.00%	2024	900,000				
					<u>5,720,000</u>	7,470,000		1,750,000	5,720,000
Marine Terminal Bonds, Series 2016 S	09/29/16	40,320,000	5.00%	2021	1,510,000				
			5.00%	2022	1,585,000				
			5.00%	2023	1,665,000				
			5.00%	2024	1,750,000				
			5.00%	2025	1,840,000				
			5.00%	2026	1,930,000				
			5.00%	2027	2,030,000				
			5.00%	2028	2,130,000				
			5.00%	2029	2,230,000				
			5.00%	2030	2,360,000				
			5.00%	2031	1,670,000				
			3.50%	2032	1,755,000				
			5.00%	2033	1,820,000				
			5.00%	2034	1,915,000				
			5.00%	2035	2,005,000				
			3.75%	2036	2,100,000				
			5.00%	2037	2,185,000				
			5.00%	2038	2,285,000				
			5.00%	2039	1,670,000				
					<u>36,435,000</u>	\$ 37,880,000		1,445,000	\$ 36,435,000

-(Continued) -

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE DECEMBER 31, 2019	ISSUED	DECREASED	BALANCE DECEMBER 31, 2020
	DATE	AMOUNT		DATE	AMOUNT				
Marine Terminal Bonds, Series 2017 A	11/16/17	23,860,000	5.00%	2048	2,910,000				
				2049	20,950,000				
					<u>23,860,000</u>				
						\$ 23,860,000			\$ 23,860,000
Marine Terminal Bonds, Series 2017 B	11/16/17	231,140,000	5.00%	2024	2,890,000				
				2025	3,025,000				
				2026	3,180,000				
				2027	3,340,000				
				2028	3,505,000				
				2029	3,680,000				
				2030	3,865,000				
				2031	4,055,000				
				2032	4,260,000				
				2033	4,470,000				
				2034	7,660,000				
				2035	8,045,000				
				2036	8,445,000				
				2037	8,870,000				
				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	17,040,000				
		<u>231,140,000</u>				231,140,000			231,140,000
<hr/>									
	Total	\$			469,105,000		-	11,995,000	\$ 457,110,000
<hr/>									
	Add: Unamortized Premium				21,279,758				20,341,778
	Less: Due Within One Year				<u>11,995,000</u>				<u>9,965,000</u>
	Balance				<u>\$ 478,389,758</u>				<u>\$ 467,486,778</u>

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SOUTH JERSEY PORT CORPORATION
SCHEDULE OF NET POSITION
DECEMBER 31, 2020

ASSETS	RESTRICTED				TOTAL
	UNRESTRICTED OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE ACCOUNT	MAINTENANCE RESERVE ACCOUNT	TAX CONSTRUCTION RESERVE ACCOUNT
Current Assets:					
Cash & Cash Equivalents	\$9,482,288		18,799,661	16,317	96,593,116
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$388,050)	2,250,519		29,164,000		
Due from State					
Other Accounts Receivable	1,853,458				380,173
Prepaid Expenses	94,223				
Inventory of Supplies	1,355,329				
Interfund Accounts Receivable	286,471,425	82,248,688	248,158,211	494,890	271,761,097
Total Current Assets	301,507,242	82,248,688	296,121,872	511,207	368,734,386
Property, Plant & Equipment (Note 5)					
Construction in Progress					401,212,382
Bond Financing Costs					156,749,143
					9,159,938
Subtotal					567,121,463
Accumulated Depreciation & Amortization					146,632,075
Total Property, Plant & Equipment & Construction in Progress					420,489,388
Total Assets	301,507,242	82,248,688	296,121,872	511,207	789,223,774
DEFERRED OUTFLOW OF RESOURCES					
Pension & OPEB Deferred Outflows	8,022,668				
Bond Discount, Net of Accumulated Amortization					170,466
Total Deferred Outflows of Resources	8,022,668				170,466
Total Assets and Deferred Outflows of Resources	\$309,529,910	82,248,688	296,121,872	511,207	789,394,240
					5,282
					1,477,811,199

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF NET POSITION
DECEMBER 31, 2020

LIABILITIES	RESTRICTED					TAX RESERVE ACCOUNT	TOTAL
	UNRESTRICTED OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE ACCOUNT	MAINTENANCE RESERVE ACCOUNT	CONSTRUCTION ACCOUNT		
Current Liabilities Payable from Assets:							
Accounts Payable	912,996						912,996
Contracts Payable					77,248		77,248
Capital Lease Payable					2,278,453		2,278,453
Accrued Expenses	129,426						129,426
Accrued Interest Payable		12,436,162					12,436,162
Accrued Vacation Payable	135,433						135,433
Pension Payable	783,242						783,242
Payroll Taxes Payable	144,857						144,857
Lease Security & Escrow Deposits	208,973						208,973
Revenue Bonds - Short Term					9,965,000		9,965,000
Interfund Accounts Payable	271,259,422	69,812,526	261,521,181	1,032	286,534,868	5,282	889,134,311
Total Current Liabilities	273,574,349	82,248,688	261,521,181	1,032	298,855,569	5,282	916,206,101
Long Term Liabilities Payable:							
Vacation Payable	55,009						55,009
Early Retirement Payable	1,162,944						1,162,944
Net Pension Payable	10,892,445						10,892,445
OPEB Payable	22,562,482						22,562,482
Revenue Bonds (Long-Term Portion)					467,486,778		467,486,778
Capital Lease Payable					563,261		563,261
Total Long Term Liabilities	34,672,880				468,050,039		502,722,919
Total Liabilities	308,247,229	82,248,688	261,521,181	1,032	766,905,608	5,282	1,418,929,020
DEFERRED INFLOWS OF RESOURCES							
Service Concession Arrangements	395,905						395,905
Unrealized Rental Income	9,601,462						9,601,462
Gain on Bond Refunding					330,435		330,435
Pension and OPEB Deferred Inflows	19,287,227						19,287,227
Total Deferred Inflows of Resources	29,284,594				330,435		29,615,029
NET POSITION							
Net Investment in Capital Assets				510,175	22,158,197		22,668,372
Reserve for Payment of Debt Service							34,600,691
Reserve for Inventory Supplies	1,355,329		34,600,691				1,355,329
Unreserved	(29,357,242)						(29,357,242)
Net Position	(28,001,913)	-	34,600,691	510,175	22,158,197	-	29,267,150
Total Liabilities, Deferred Inflows of Resources and Net Position	\$309,529,910	82,248,688	296,121,872	511,207	789,394,240	5,282	1,477,811,199

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF CHANGES IN NET POSITION ALL ACCOUNTS
DECEMBER 31, 2020

	OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE	MAINTENANCE RESERVE	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT	TOTAL
Net Position - Beginning Balance	(\$31,300,174)		37,130,337	510,175	20,034,626		26,374,964
Add:							
Excess of Revenue Over Expenses	2,729,964						2,729,964
State of New Jersey:							
Debt Service Aid			29,164,000				29,164,000
PILOT Payments						5,100,224	5,100,224
Federal Subsidy Revenue	2,886,255						2,886,255
Amortization Gain on Refunding of Debt	17,391						17,391
Amortization of Bond Premium	937,980						937,980
Interest on Investments					1,182,241		1,182,241
Inventory of Supplies	23,155						23,155
Unrealized Gain on Investment			289,619				289,619
Interfund Transfers		24,872,324			10,251,997		35,124,321
Total	(24,705,429)	24,872,324	66,583,956	510,175	31,468,864	5,100,224	103,830,114
Deduct:							
Interest Expense	126,126	24,872,324					24,998,450
Depreciation/Amortization Expense					9,267,921		9,267,921
Gain/(Loss) on Sale of Assets	3,401						3,401
Amortization of Bond Discount on Refunding	8,972						8,972
Net Change in Escrow Reserves	16,929						16,929
Transfer of Depreciation to Contributed Capital					42,746		42,746
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
Interfund Transfers	3,141,056		31,983,265				35,124,321
Total	3,296,484	24,872,324	31,983,265		9,310,667	5,100,224	74,562,964
Net Position December 31, 2019	(\$28,001,913)	-	34,600,691	510,175	22,158,197	-	29,267,150

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REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

	<u>2020</u>	<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)	0.03020%	0.03269%	0.03660%	0.03954%	0.05163%	0.03065%	0.02804%	0.03179%
Corporation's Proportionate Share of the Net Pension Liability (Asset)	\$11,675,687	\$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	\$5,662,678	\$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	206.19%	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	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$783,241	\$726,237	\$802,427	\$769,860	\$541,887	\$479,587	\$481,346	\$445,119
Contributions in Relation to the Actuarially Determined Contributions	783,241	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>	<u>\$0</u>
Covered-Employee Payroll	\$5,662,678	\$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	13.832%	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*				
	2020	2019	2018	2017	2016
Proportion of the net OPEB liability	0.125720%	0.112670%	0.120699%	0.123908%	0.139036%
Proportionate share of net OPEB liability	\$ 22,562,481.80	\$ 15,262,358.31	\$ 18,909,451.43	\$ 25,296,796	\$ 30,195,094
Corporation's covered employee payroll	\$ 6,647,960	\$ 5,961,503	\$ 6,512,543	\$ 6,602,272	\$ 6,561,457
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	339.39%	256.02%	290.35%	383.15%	460.19%
Plan Fiduciary Net Position as a % of total OPEB liability	0.91%	1.98%	1.97%	1.03%	0.69%

Source 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.

SOUTH JERSEY PORT CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III YEAR
ENDED DECEMBER 31, 2020

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020.

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SINGLE AUDIT SECTION



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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

I have audited the South Jersey Port Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of South Jersey Port Corporation's major federal programs for the year ended December 31, 2020. South Jersey Port Corporation's major federal 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 federal 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; the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and *Single Audit Policy for Recipients of Federal Grants, State Grants*. Those standards, Uniform Guidance 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 federal 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 federal 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 federal 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, 2020.

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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 federal 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 federal 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 federal 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

I have audited the financial statements of the South Jersey Port Corporation as of and for the year ended December 31, 2020, and have issued my report thereon dated February 25, 2022, 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 federal awards is presented for purposes of additional analysis as required by Uniform Guidance 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 federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brent W. Lee".

Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
February 25, 2022

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**SOUTH JERSEY PORT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL PROJECT NUMBER</u>	<u>GRANT PERIOD</u>	<u>CFDA NUMBER</u>	<u>AWARD</u>	<u>FUNDS RECEIVED</u>	<u>FUNDS EXPENDED</u>
U.S. Department of Homeland Security Port Security Grant Program	EMW-2019-PU-00238-S01	9/1/2019 - 8/31/2022	97.056	\$647,172	9,245	9,245
U.S. Department of Transportation - Highway Planning and Construction (Federal-Aid Highway Program)	34D00S034M400	3/1/2019 - 3/1/2020	20.205	\$950,000	950,000	950,000
			Total		\$959,245	959,245

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, 2020

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 federal 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and *Single Audit Policy for Recipients of Federal Grants, State Grants*.

3. Relationship to Basic Financial Statements

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

4. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related federal 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, 2020

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

Federal 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 2 CFR Section 200.516(a)?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Federal Highway Administration (FHWA) Fleet Modernization Program at SJPC – Replacement of Forklifts
Dollar threshold used to distinguish between Type A Programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**SOUTH JERSEY PORT CORPORATION
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 Uniform Guidance audit.

None Noted

Section III — Federal Awards Findings & Questioned Costs

This section identifies audit findings required to be reported by Uniform Guidance Audit Requirements for Federal Awards, as applicable.

None Noted

Summary of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and federal awards that are required to be reported in accordance with Uniform Guidance.

None Noted



South Jersey Port Corporation

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