

SOUTH JERSEY PORT CORPORATION
AUDIT REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

SOUTH JERSEY PORT CORPORATION

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SOUTH JERSEY PORT CORPORATION

BOARD OF DIRECTORS

AT DECEMBER 31, 2024

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)

James MacFarlane
Subdistrict 2 (Camden)

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 – Retired 12/10/24
State Treasurer Designee

Robert Tighue – Effective 12/23/24
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, 2024



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
2 Aquarium Loop Dr., Suite 100
Camden, New Jersey 08103

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the South Jersey Port Corporation (the "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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our 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, each major fund and the aggregate remaining fund information of the Corporation as of December 31, 2024, 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.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Corporation's 2023 basic financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2024, in accordance with the financial reporting provisions described in Note 1. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the supplementary information and statistical section, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2025 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 blue ink, appearing to read "Brent W. Lee".

Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
October 15, 2025



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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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, 2024, 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 October 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our 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, we 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.

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

Report on 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, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,



Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
October 15, 2025

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, 2024.

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 (SJPC) provides world-class facilities and beneficial services which support and accommodate the transportation of goods and commodities, both by water and by land. It is the mission of the SJPC to foster regional economic development through revenue generation in a financially and environmentally sustainable manner to support facility, staffing, and infrastructure investment for the benefit of our Port District, including the cities of Camden, Paulsboro, and Salem, New Jersey.

SJPC's terminals handle a wide range of raw, semi-finished, and manufactured materials that support various construction and manufacturing industries, and include commodities such as manufactured steel, scrap metal, cement, grancem, gypsum, and plywood and lumber.

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.

The Corporation and the Gloucester County Improvement Authority ("GCIA") also entered into a 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 had set forth the overall parameters for the design and development of the Paulsboro Marine Terminal, and the GCIA entered into the various contracts required to implement this development.

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. Direct vehicular and truck access from Interstate 295 to the terminal is via a two-lane, public access road and bridge structure over Mantua Creek.

The Corporation 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 initial phase Paulsboro Marine Terminal Project was \$176,737,986.

The Corporation negotiated a lease agreement with Holt Logistics Corporation (Paulsboro Waterfront Development, LLC) to serve as the terminal operator for the Paulsboro Marine Terminal, hosting private operations. The primary cargo is imported steel slabs. The first ships were received at the Paulsboro Marine Terminal in March 2017.

A subsequent Phase II extended the wharf to 2,200 feet to accommodate up to four ships, a 500-foot barge berth, and upland improvements.

On August 29, 2017, the Corporation adopted a new subordinated bond resolution. The Subordinated bond authorized a series of bonds with an 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 the completion of the Paulsboro Marine Terminal and undertake the repairs needed 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.

As of December 31, 2024, the remaining bond proceeds, along with a federal grant and a third-party match will be used to complete the final upland improvements.

Calendar year 2024 cargo through SJPC facilities reached over 3 million tons, which represented a 4% increase from 2023. SJPC's main commodity – manufactured steel products – increased 13% over 2023. Cargo tonnage across most key commodities handled by SJPC increased as the construction and manufacturing sectors continue their recovery. Recycled Metals and Cocoa Beans decreased in 2024 as compared to 2023 totals.

The operations of the Port are under the directorship of an eleven (11) member board that consists of 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 Governor of the State appoints members for a term of five years.

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

In 2024, SJPC was the recipient of two new grant awards, and one supplemental award to an existing grant-funded project. In June, the Port was awarded an additional \$2,125,000 for the 2021 Salem Marine Terminal USDOT INFRA project for the purchase of additional upland property.

The Port was again awarded a PSGP grant in August, 2024, for \$65,930 for the purchase and installation of additional CCTV cameras. In September, the Port was the recipient of a \$228,037 USEPA Diesel Emissions Reduction Act (DERA) grant for the purchase of an electric forklift.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Port's basic financial statements. These Statements are comprised of 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 or not 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 \$42,879,062 at December 31, 2024.

Port's Net Position

<u>ASSETS</u>	2024	2023
Current & Other Assets	\$179,944,002	\$195,506,647
Capital Assets (Net)	451,203,920	453,359,900
Total Assets	631,147,922	648,866,547
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Deferred Outflows	13,562,518	13,477,324
Bond Discount, Net of Accumulated Amortization	134,576	143,550
Total Deferred Outflows of Resources	13,697,094	13,620,874
<u>LIABILITIES</u>		
Current Liabilities	35,367,269	28,991,897
Long-Term Liabilities	519,500,912	532,316,862
Total Liabilities	554,868,181	561,308,759
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Service Arrangements	-	271,788
Unrealized Rental Income	9,193,612	9,295,574
Deferred Gain on Bond Refunding	278,261	278,261
Pension Deferred Inflows	37,643,112	45,092,744
Total Deferred Inflows of Resources	47,114,985	54,938,367
<u>NET POSITION</u>		
Net Investment in Capital Assets	22,924,052	28,149,022
Restricted for:		
Reserve for Payment of Debt Service	34,242,585	34,242,585
Reserve for Inventory Supplies	1,489,240	1,229,818
Unrestricted:		
Unreserved	(15,776,815)	(17,381,130)
Total Net Position	\$42,879,062	\$46,240,295

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 \$22,924,052 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		
	2024	2023
Operating Revenues:		
Cargo Revenue	\$18,066,541	\$14,838,318
Property	8,741,208	8,001,769
Other	2,152,674	3,579,983
Grant Revenue	13,234,923	6,726,793
Total Operating Revenues	42,195,346	33,146,863
Operating Expenses:		
General Operating	21,327,070	15,697,522
General & Administrative	5,106,292	7,157,424
Grant Expenses	13,234,923	6,726,793
Total Operating Expenses	39,668,285	29,581,739
Operating Income Before Other Operating Expenses	2,527,061	3,565,124
Other Operating Expenses:		
Depreciation	17,707,890	10,144,266
Total Other Operating Expenses	17,707,890	10,144,266
Operating Income/(Loss) After Other Operating Expenses	(15,180,829)	(6,579,142)
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	1,533,134	1,622,600
Federal Subsidy Revenue	2,703,697	2,789,988
Gain/(Loss) on Disposal of Assets	(381,424)	(698,505)
Amortization Gain on Refunding of Debt	17,391	17,391
Amortization of Bond Discount on Refunding	(8,972)	(8,972)
Amortization of Bond Premium	848,431	848,431
Net Change in Developers' Escrow	-	(542)
Net Change in Reserve for Payment of Debt Service	-	272,773
Unrealized Gain/(Loss) on Investment	300,480	450,558
Change in Inventory of Supplies	-	44,402
Interest Expense	(22,942,961)	(23,669,998)
Net Nonoperating Revenue/(Expenses)	(17,930,224)	(18,331,874)
Net Income/(Loss) Before Contributions and Transfers	\$ (33,111,053)	\$ (24,911,016)

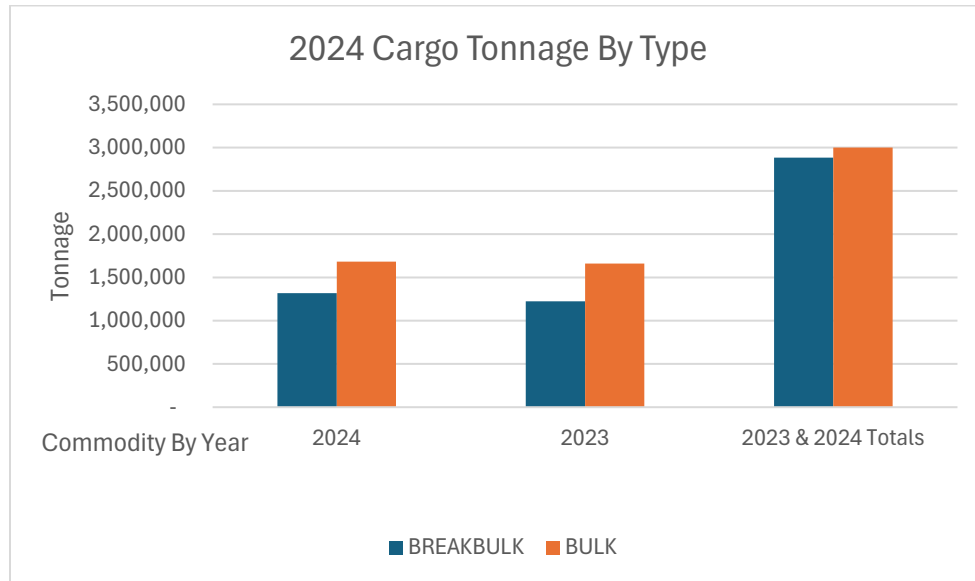
Port activity for 2024 resulted in operating income before depreciation and amortization of \$2,290,520.

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

	2024	2023
Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	29,750,000	31,525,000
Camden City PILOT Revenues	4,000,000	4,000,000
Camden City PILOT Expenditures	(4,000,000)	(4,000,000)
Camden County PILOT Revenues	419,000	419,000
Camden County PILOT Expenditures	(419,000)	(419,000)
Salem PILOT Revenues	31,224	31,224
Salem PILOT Expenditures	(31,224)	(31,224)
Paulsboro PILOT Revenues	541,878	718,073
Paulsboro PILOT Expenditures	(541,878)	(718,373)
Gloucester County PILOT Revenues	150,000	150,000
Gloucester County PILOT Expenditures	(150,000)	(150,000)
Total Operating Transfers	29,750,000	31,524,700
Change in Net Position	(3,361,053)	6,613,684
Net Position - Beginning of Year	46,240,295	39,626,611
Net Position - End of Year	<u>\$42,879,242</u>	<u>\$46,240,295</u>

Cargo Tonnage

The South Jersey Port Corporation activity for 2024 totaled 3,000,653 tons. This is an increase of approximately 4% as compared to 2023.



Breakbulk

Breakbulk activity for 2024 increased 7.7% when compared to 2023 Port totals.

Bulk

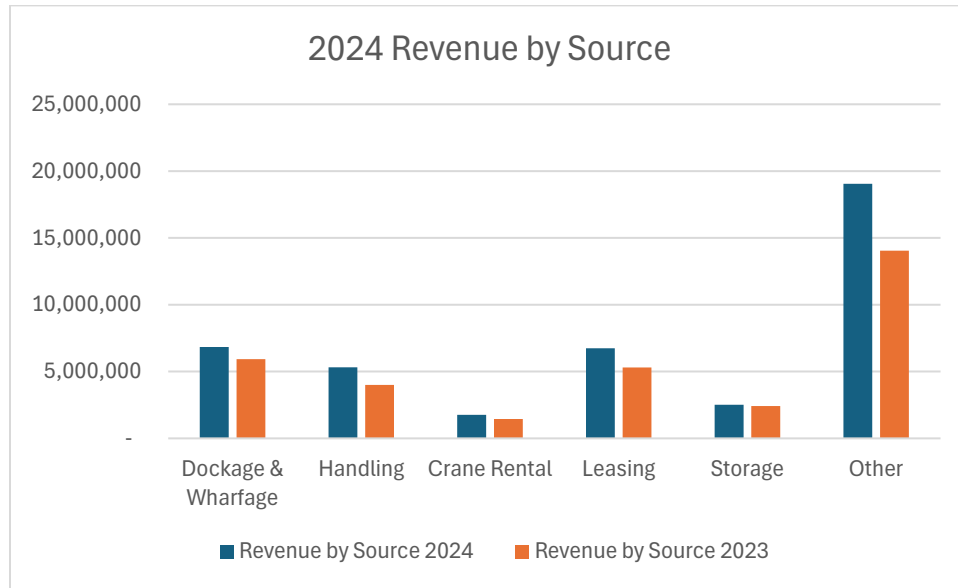
Dry bulk cargoes collectively reached 1,523,261 tons in 2024, which was a 7% decrease over the prior year. Export recycled scrap metals decreased by 15.8% from 2023 while export Grancem® increased 23.8% and import cement finished 10.7% higher than 2023. Other bulk cargo activity resulted from Road Salt, Sand and Gypsum.

Other Activity

Ship calls totaled 208 for the year ended 2024, 11 more than 2023. Ship days in 2024 totaled 716 year to date compared to 591 from 2023, which is an increase of 21%.

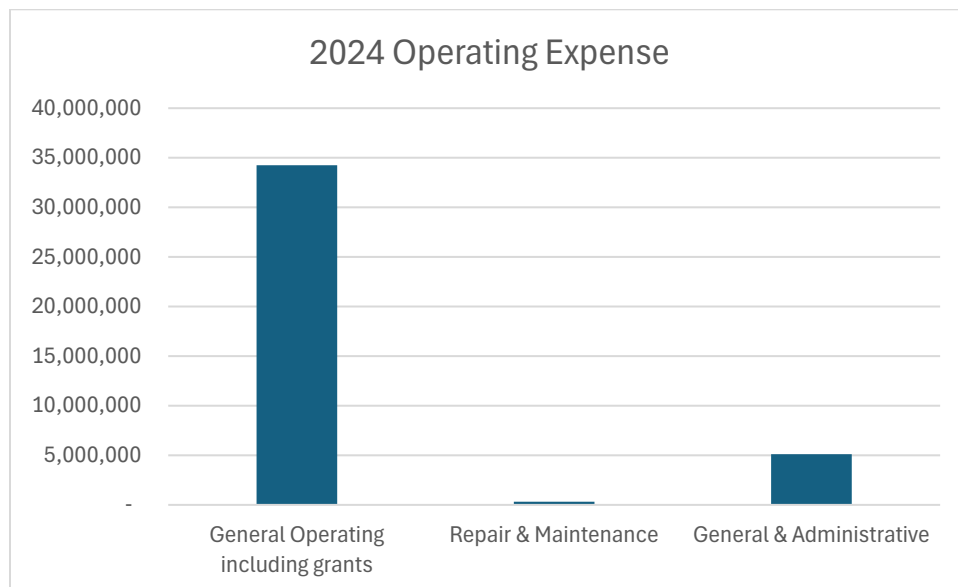
Operating Revenues

The Port Corporation generated \$42,195,346 total in operating revenues in 2024. This represents an overall increase of \$9,048,483 over 2023 totals.



Operating Expenses

Total Corporation operating expenses excluding were \$39,668,285 in 2024, an increase of \$10,086,546 when compared to 2023.



Capital Assets

The Port's investment in Capital assets as of December 31, 2024 is \$451,203,920.

The investment in capital assets include land, buildings, piers and berths, and machinery and equipment. Net capital assets increased by \$201,276,301 which is net of \$202,778,553 of additions and \$1,502,252 of fully depreciated assets that were written off in 2024.

<u>Capital Assets</u>		
	<u>2024</u>	<u>2023</u>
Land	\$21,288,508	\$21,274,497
Building & Improvements	59,341,132	59,473,993
Land Improvements	498,161,232	297,886,597
Equipment & Vehicles	27,138,658	26,017,931
Right of Use Assets- GASB 87	3,115,576	3,115,787
Engineering & Financing Costs	2,281,415	2,281,415
Subtotal	<u>\$611,326,521</u>	<u>\$410,050,220</u>
Less: Accumulated Depreciation & Amortization	<u>171,687,375</u>	<u>154,616,880</u>
Subtotal	439,639,146	255,433,340
Construction in Progress	11,564,774	197,926,560
Bond Discount & Finance	<u>-</u>	<u>-</u>
Total	<u>\$451,203,920</u>	<u>\$453,359,900</u>

Long-Term Debt

As of December 31, 2024 the Port had accumulated long-term debt of \$519,500,906. This balance is comprised of the following:

<u>Long-Term Debt</u>		
	<u>2024</u>	<u>2023</u>
Revenue Bonds	\$419,898,955	\$432,487,387
Capital Lease	1,801,820	2,359,620
Vacation Payable	280,641	0
Net Pension Payable	10,300,135	11,923,422
Post Retirement Benefits	28,076,097	23,524,101
Early Retirement	1,046,109	1,086,043
Unearned Grant Revenue	58,097,149	60,936,289
Total	<u>\$519,500,906</u>	<u>\$532,316,862</u>

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BASIC FINANCIAL STATEMENTS

SOUTH JERSEY PORT CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2024 AND 2023

ASSETS	2024	2023
Current Assets:		
Unrestricted Assets:		
Cash & Cash Equivalents	\$ 13,743,571	\$ 12,391,625
Accounts Receivable (Net of Allowance for Doubtful Accounts (\$612,038 in 2024 and \$599,488 in 2023))	2,180,157	2,955,657
Other Accounts Receivable	26,128,923	31,196,546
Prepaid Expenses	573,880	113,402
Inventory of Supplies	1,489,420	1,229,818
Total Unrestricted Current Assets	44,115,951	47,887,048
Restricted Assets:		
Cash & Cash Equivalents	127,059,395	104,598,310
Investments	6,561,275	9,649,396
Other Accounts Receivable	435,089	405,906
Grants Receivable	395,766	1,413,713
Due from State of New Jersey	1,349,252	31,525,000
Tenant Security Deposit	27,274	27,274
Total Restricted Current Assets	135,828,051	147,619,599
Property, Plant & Equipment (Note 5):		
Completed	609,045,106	407,768,805
Construction in Progress	11,564,774	197,926,560
Bond Financing Costs	2,281,415	2,281,415
Total Property, Plant & Equipment	622,891,295	607,976,780
Less: Accumulated Depreciation & Amortization	171,687,375	154,616,880
Net Property, Plant & Equipment	451,203,920	453,359,900
Total Assets	631,147,922	648,866,547
DEFERRED OUTFLOW OF RESOURCES		
Related to Pension, Post Retirement Benefits and Leases	13,562,518	13,477,324
Bond Discount, Net of Accumulated Amortization	134,576	143,550
Total Deferred Outflows of Resources	13,697,094	13,620,874
Total Assets and Deferred Outflows of Resources	\$ 644,845,016	\$ 662,487,421

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

SOUTH JERSEY PORT CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2024 AND 2023

LIABILITIES	2024	2023
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	\$ 501,483	\$ 312,024
Accrued Expenses	589,426	664,546
Payroll Taxes Payable	82,770	62,787
Accrued Vacation Payable	78,353	145,026
Pension Payable	1,146,266	1,212,060
Lease Security & Escrow Deposits	227,791	250,852
Total Current Liabilities Payable From Unrestricted Assets	2,626,089	2,647,295
Current Liabilities Payable From Restricted Assets:		
Accrued Interest Payable	11,412,702	11,716,510
Accounts Payable	7,043,660	984,993
Revenue Bonds Payable (Short-Term Portion)	11,740,000	11,090,000
Lease Payable	2,544,818	2,553,099
Total Current Liabilities Payable From Restricted Assets	32,741,180	26,344,602
Long-Term Liabilities:		
Long-Term Liabilities Payable From Unrestricted Assets:		
Vacation Payable	280,647	-
Early Retirement Payable	1,046,109	1,086,043
Net Pension Payable	10,300,135	11,923,422
Post Retirement Benefits Payable	28,076,097	23,524,101
Total Long-Term Liabilities Payable From Unrestricted Assets	39,702,988	36,533,566
Long-Term Liabilities Payable From Restricted Assets:		
Unearned Grant Revenue	58,097,149	60,936,289
Revenue Bonds Payable (Net of Unamortized Premium)	419,898,955	432,487,387
Lease Payable	1,801,820	2,359,620
Total Long-Term Liabilities Payable From Restricted Assets	479,797,924	495,783,296
Total Liabilities	554,868,181	561,308,759
DEFERRED INFLOWS OF RESOURCES		
Service Arrangements	-	271,788
Unrealized Rental Income	9,193,612	9,295,574
Gain on Bond Refunding, Net of Accumulated Amortization	260,869	278,261
Related to Pension, OPEB and Leases	37,643,112	45,092,744
Total Deferred Inflows of Resources	47,097,593	54,938,367
NET POSITION		
Net Investment in Capital Assets	22,924,052	28,149,022
Restricted:		
Reserve for Payment of Debt Service	34,242,585	34,242,585
Reserve for Inventory of Supplies	1,489,420	1,229,818
Unrestricted:		
Unreserved	(15,776,815)	(17,381,130)
Total Net Position	42,879,242	46,240,295
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 644,845,016	\$ 662,487,421

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

	2024	2023
Operating Revenues:		
Cargo	\$ 18,066,541	\$ 14,838,318
Property	8,741,208	8,001,769
Other	2,152,674	3,579,983
Grant Revenue	13,234,923	6,726,793
Total Operating Revenues	42,195,346	33,146,863
Operating Expenses:		
General Operating	21,327,070	15,697,522
General & Administrative	5,106,292	7,157,424
Grant Expenses	13,234,923	6,726,793
Total Operating Expenses	39,668,285	29,581,739
Operating Income Before Other Operating Expenses	2,527,061	3,565,124
Other Operating Expenses:		
Depreciation	17,707,890	10,144,266
Total Other Operating Expenses	17,707,890	10,144,266
Operating Income/(Loss) After Other Operating Expenses	(15,180,829)	(6,579,142)
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	1,533,134	1,622,600
Federal Subsidy Revenue	2,703,697	2,789,988
Gain/(Loss) on Disposal of Assets	(381,424)	(698,505)
Amortization Gain on Refunding of Debt	17,391	17,391
Amortization of Bond Discount on Refunding	(8,972)	(8,972)
Amortization of Bond Premium	848,431	848,431
Net Change in Developers' Escrow	-	(542)
Net Change in Reserve for Payment of Debt Service	-	272,773
Unrealized Gain/(Loss) on Investment	300,480	450,558
Net Change in Inventory of Supplies	-	44,402
Interest Expense	(22,942,961)	(23,669,998)
Net Nonoperating Revenue/(Expenses)	(17,930,224)	(18,331,874)
Net Income/(Loss) Before Transfers	\$ (33,111,053)	\$ (24,911,016)

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, 2024 AND 2023

	2024	2023
Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	\$ 29,750,000	\$ 31,525,000
Camden City PILOT Revenues	4,000,000	4,000,000
Camden City PILOT Expenditures	(4,000,000)	(4,000,000)
Camden County PILOT Revenues	419,000	419,000
Camden County PILOT Expenditures	(419,000)	(419,000)
Salem PILOT Revenues	31,224	31,224
Salem PILOT Expenditures	(31,224)	(31,224)
Paulsboro PILOT Revenues	541,878	718,073
Paulsboro PILOT Expenditures	(541,878)	(718,373)
Gloucester County PILOT Revenues	150,000	150,000
Gloucester County PILOT Expenditures	(150,000)	(150,000)
Total Operating Transfers	29,750,000	31,524,700
Change in Net Position	(3,361,053)	6,613,684
Net Position - Beginning of Year	46,240,295	39,626,611
Net Position - End of Year	\$ 42,879,242	\$ 46,240,295

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, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 74,617,814	\$ 55,321,992
Interest Receipts	1,285,549	438,949
Payments to Employees	(8,059,954)	(7,443,316)
Payments for Employee Benefits	(866,304)	(3,058,890)
Payments to Suppliers	(29,982,515)	(20,890,239)
Net Cash Provided/(Used) by Operating Activities	36,994,590	24,368,496
Cash Flows From Noncapital Financing Activities:		
Tenant and Developer Escrow Refunds	-	(542)
Net Cash Provided/(Used) by Noncapital Financing Activities	-	(542)
Cash Flows From Capital & Related Financing Activities:		
Acquisition & Construction of Capital Assets	(15,654,140)	(9,767,955)
Capital Lease Payments	(683,639)	(601,586)
Federal Interest Subsidy	2,703,697	2,789,988
Interest Paid on Revenue Bonds	(23,129,212)	(23,680,358)
Principal Paid on Revenue Bonds	(11,090,000)	(10,835,000)
State Aid for Debt Service	29,750,000	31,525,000
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	541,878	718,073
Paulsboro PILOT Expenditures	(541,878)	(718,373)
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)
Net Cash Provided/(Used) by Capital & Related Financing Activities	(18,103,294)	(10,570,211)
Cash Flows From Investing Activities:		
Unrealized Gain/(Loss) on Investment	300,480	450,558
Interest & Dividends	1,533,134	1,622,600
Net Cash Provided/(Used) by Investing Activities	\$ 1,833,614	\$ 2,073,158

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, 2024 AND 2023

	2024	2023
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ 20,724,910	\$ 15,870,901
Balances - Beginning of Year	126,639,331	110,768,430
Balances - End of Year	<u>\$ 147,364,241</u>	<u>\$ 126,639,331</u>

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

Operating Income/(Loss)	\$ (15,180,829)	\$ (6,579,142)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Activities:		
Depreciation & Net Amortization	17,707,890	10,144,266
(Increase)/Decrease in Accounts Receivable, Net	37,007,635	(811,326)
(Increase)/Decrease in Prepaid Expenses	(460,478)	5,023
(Decrease) in Accounts Payable	(4,207,968)	(1,725,045)
Increase/(Decrease) in Accrued Liabilities	213,974	(46,695)
Increase/(Decrease) in Contracts Payable	6,058,667	(185,236)
Increase/(Decrease) in Lease Payable	(566,081)	277,728
(Decrease) in Early Retirement Payable	(39,934)	(32,288)
Increase/(Decrease) in Inventory Supplies	(259,602)	
Increase/(Decrease) in Pension Payable	(65,794)	176,431
(Decrease) in Service Arrangements	(271,788)	(173,638)
Increase/(Decrease) in Unearned Grant Revenue	(2,839,140)	23,420,381
(Decrease) in Unrealized Rental Income	(101,962)	(101,963)
Total Adjustments	<u>52,175,419</u>	<u>30,947,638</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 36,994,590</u>	<u>\$ 24,368,496</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, 2024 AND 2023**

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

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).

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.

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 109 full time employees and 6 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.

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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements:

The following GASB Statements became effective for the year ended December 31, 2024:

Statement No. 100, *Accounting Changes and Error Corrections*. Statement No. 100 improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. Statement No. 100 is effective for reporting periods beginning after June 15, 2023. Management does not expect this Statement to have a material impact on the Corporation's financial statements.

Statement No. 101, *Compensated Absences*. Statement No. 101 aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management does not expect this Statement to have a material impact on the Corporation's financial statements.

Recently Issued Accounting Pronouncements

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

No. 102, *Certain Risk Disclosures*. Statement No. 102 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or reporting units that report liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Statement No. 102 is effective for fiscal years beginning after June 15, 2024. Management has not yet determined the potential impact on the Corporation's financial statements.

Statement No. 103, *Financial Reporting Model Improvements*. Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Statement No. 103 is effective for fiscal years beginning after June 15, 2025. Management has not yet determined the potential impact on the Corporation's financial statements.

Statement No. 104, *Disclosure of Certain Capital Assets*. Statement No. 104 provides users of government financial statements with essential information about certain types of capital assets. Statement No. 104 is effective for reporting periods beginning after June 15, 2025. Management has not yet determined the potential impact on the Corporation's financial statements.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

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

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.

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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

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

Accounting Policies and Basis of Presentation (continued):

- 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:

- (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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

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

Debt Service Account

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

Debt Service payments for 2024 included \$11,090,000 for principal and \$23,129,212 for interest. 2023 included \$10,835,000 for principal and \$23,680,358 for interest. The funds to pay down the debt service were provided from debt service accounts within the Construction Fund for 2024 and 2023.

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".

The Chairman certified to the Governor that the Port Corporation anticipated it would require State appropriations in the amount \$15,500,000 for Senior Lien Bonds and \$14,250,000 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 \$34,242,585.

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 2024 and 2023 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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

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

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 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 2024 the State of New Jersey paid to the Corporation \$4,000,000 for Camden City, \$419,000 for Camden County, \$541,878 for Paulsboro Township, \$150,000 for Gloucester County, \$31,224 for Salem City to provide sufficient funds for tax payments.

During 2023 the State of New Jersey paid to the Corporation \$4,000,000 for Camden City, \$419,000 for Camden County, \$718,073 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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

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

Construction Account (continued):

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 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 in the amount of \$40,320,000. 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 arbitrate laws require a rebate to the federal government of all earnings on the investment of the proceeds of tax-exempt obligations, issued after September 1, 1986, in excess of the yield on such obligations and any income earned on such excess. A portion of past or future interest earnings may be subject to federal rebate. An arbitrage calculation analysis has been performed through January 8, 2025 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, 2024 and 2023 are as follows:

Type	2024 Carrying Value	2023 Carrying Value
Deposits:		
Demand Deposits	<u>\$140,802,966</u>	<u>\$116,989,935</u>
Total Deposits	<u>\$140,802,966</u>	<u>\$116,989,935</u>
Reconciliation of Statement of Net Position:		
Current:		
Unrestricted Assets:		
Cash & Cash Equivalents	\$ 13,743,571	\$ 12,391,625
Restricted Assets:		
Cash & Cash Equivalents	<u>127,059,395</u>	<u>104,598,310</u>
Total	<u>\$140,802,966</u>	<u>\$116,989,935</u>

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 2. Cash & Cash Equivalents (continued):

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, 2024 and 2023, the Corporation's bank balance of \$140,923,171 and \$117,032,276 respectively, was insured or collateralized as follows:

	<u>2024</u>	<u>2023</u>
Insured	\$ 811,863	\$ 1,000,000
Collateralized in the Corporation's Name Under GUDPA (See Note 4)	<u>140,111,308</u>	<u>116,032,276</u>
Total	<u>\$140,923,171</u>	<u>\$117,032,276</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.

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, 2024 and 2023, 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;

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 3. Investments (continued):

C. Investment Credit Risk (continued):

- 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;
 - (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.

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 3. Investments (continued):

C. Investment Credit Risk (continued):

- 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, 2024 and 2023, the Corporation had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	<u>2024 Fair Value</u>
US Treasury Notes	6/30/27	Aaa	\$ 3,417,925
US Treasury Notes	5/15/32	Aaa	<u>3,143,350</u>
Total			<u>\$ 6,561,275</u>

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	<u>2023 Fair Value</u>
US Treasury Notes	6/30/24	Aaa	\$ 2,985,851
US Treasury Notes	6/30/27	Aaa	3,420,305
US Treasury Notes	5/15/32	Aaa	<u>3,243,240</u>
Total			<u>\$ 9,649,396</u>

The Corporation deposited cash in 2024 and 2023 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

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

C. Investment Credit Risk (continued):

days of each month in the 6 months 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.

Note 4. Governmental Unit Deposit Protection Act (GUDPA)

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

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

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

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

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository.

The Corporation should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

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, 2024 and 2023:

<u>Description</u>	<u>Balance December 31, 2023</u>	<u>Additions/ Adjustments</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance December 31, 2024</u>
Land	\$ 21,274,497	14,011			\$ 21,288,508
Construction in Progress	197,926,560	14,780,905		(201,142,691)	11,564,774
<u>Capital Assets Being Depreciated:</u>					
Building & Improvements	\$ 59,473,994	37,000	(732,998)	563,136	59,341,132
Land Improvements	297,886,596	209,965	(514,884)	200,579,555	498,161,232
Equipment	25,175,660	1,374,886	(236,958)		26,313,588
Vehicles	842,271		(17,201)		825,070
Financing Costs	2,281,415				2,281,415
Right of Use Assets	3,115,787		(211)		3,115,576
Total Assets Being Depreciated	\$ 388,775,723	1,621,851	(1,502,252)	201,142,691	\$ 590,038,013
<u>Less: Accumulated Depreciation:</u>					
Building & Improvements	\$ 29,116,672	1,451,533	(296,418)		\$ 30,271,787
Land Improvements	104,370,623	15,317,222	(399,808)		119,288,037
Equipment	17,778,944	864,208	(404,344)		18,238,808
Vehicles	647,874	57,366	(20,199)		685,041
Financing Costs	2,008,112	57,035			2,065,147
Right of Use Assets	694,655	443,900			1,138,555
Total Accumulated Depreciation	154,616,880	18,191,264	(1,120,769)	-	171,687,375
Net Assets Being Depreciated	234,158,843	(16,569,413)	(381,483)	201,142,691	418,350,638
Total Capital Assets	\$ 453,359,900	(1,774,497)	(381,483)	-	\$ 451,203,920

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

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

<u>Description</u>	<u>Balance</u> <u>December 31,</u> <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance</u> <u>December 31,</u> <u>2023</u>
Land	\$ 20,683,410			591,087	\$ 21,274,497
Construction in Progress	198,819,883	5,568,187	(1,946,887)	(4,514,623)	197,926,560
<u>Capital Assets Being Depreciated:</u>					
Building & Improvements	\$ 60,587,731	76,076	(592,302)	(597,511)	59,473,994
Land Improvements	292,956,882	658,186	(5,310,099)	9,581,627	297,886,596
Equipment	26,830,690	1,491,336	(1,252,665)	(1,893,701)	25,175,660
Vehicles		125,374	(4,917)	721,814	842,271
Engineering & Other	7,004,480			(7,004,480)	-
Financing Costs	2,281,413	2			2,281,415
Right of Use Assets	-			3,115,787	3,115,787
Total Assets Being Depreciated	<u>\$ 389,661,196</u>	<u>2,350,974</u>	<u>(7,159,983)</u>	<u>3,923,536</u>	<u>\$ 388,775,723</u>
<u>Less: Accumulated Depreciation:</u>					
Building & Improvements	\$ 28,542,895	1,389,195	(483,571)	(331,847)	\$ 29,116,672
Land Improvements	96,730,925	7,492,329	(5,047,733)	5,195,102	104,370,623
Equipment	18,416,307	833,997	(812,803)	(658,557)	17,778,944
Vehicles		88,730	(4,916)	564,060	647,874
Engineering & Other	5,180,435			(5,180,435)	-
Financing Costs	1,951,076	57,036			2,008,112
Right of Use Assets	-	282,978		411,677	694,655
Total Accumulated Depreciation	<u>150,821,638</u>	<u>10,144,265</u>	<u>(6,349,023)</u>	<u>-</u>	<u>154,616,880</u>
Net Assets Being Depreciated	<u>238,839,558</u>	<u>(7,793,291)</u>	<u>(810,960)</u>	<u>3,923,536</u>	<u>234,158,843</u>
Total Capital Assets	<u>\$ 458,342,851</u>	<u>(2,225,104)</u>	<u>(2,757,847)</u>	<u>-</u>	<u>\$ 453,359,900</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.

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 6. Pension Plan (continued):

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.

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, 2024 the Corporation reported a liability of \$11,446,401 for its proportionate share of the net pension liability as measured as of June 30, 2024, 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 \$1,146,266 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, 2024, the Corporation's proportion was .0842387562% which decreased slightly by .00064% from its proportion measured as of June 30, 2023.

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 6. Pension Plan (continued):

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, 2024 and 2023, the Corporation recognized pension expense/ (benefit) of \$592,277 and \$135,384 respectively. At December 31, 2024 and 2023, the Corporation reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>December 31, 2024</u>		<u>December 31, 2023</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	\$ 229,292	30,473	\$ 125,592	53,694
Changes of Assumptions	14,220	130,234	28,856	796,067
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	530,738	60,491	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,397,304	807,806	2,121,446	209,955
Authority Contributions Subsequent to The Measurement Date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$1,640,816</u>	<u>\$1,499,251</u>	<u>\$2,336,385</u>	<u>\$1,059,716</u>

\$1,640,816 and \$2,336,385 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, 2024 and 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 6. Pension Plan (continued):

Year Ended December 30,		Year Ended December 30,	
2025	\$ (485,986)	2024	\$ (693,504)
2026	376,042	2025	(387,088)
2027	(216,345)	2026	540,929
2028	(124,894)	2027	(96,805)
2029	3,250	2028	1,647
Thereafter	<u>-</u>	Thereafter	<u>-</u>
Total	\$ <u>(447,933)</u>	Total	\$ <u>(634,821)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.08, 5.04, 5.13, 5.16, and 5.21 years for the 2024, 2023, 2022, 2021, 2020, and 2019, respectively.

Additional Information

Collective balances at November 30, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Collective deferred outflows of resources	\$ 1,640,816	\$ 2,336,385
Collective deferred inflows of resources	1,499,251	1,059,716
Collective net pension liability	11,446,401	13,135,482
District's Proportion	.0842387562%	.0906872637%

Actuarial Assumptions

The total pension liability in the June 30, 2024 and 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

<u>2024</u>		<u>2023</u>	
Inflation Rate		Inflation Rate	
Price	2.75%	Price	2.75%
Wage	3.25%	Wage	3.25%
Salary Increases:	2.75 – 6.55%	Salary Increases:	2.75 – 6.55%
	Based on Years of Service		Based on Years of Service
Investment Rate of Return	7.00%	Investment Rate of Return	7.00%

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 6. Pension Plan (continued):

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 and 2023 are summarized in the following tables:

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2024</u>		<u>Measurement Date</u> <u>June 30, 2023</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	7.10%	3.00%	6.21%
Cash Equivalents	2.00%	3.57%	2.00%	3.31%
International Small Cap Equity	1.25%	8.85%	1.25%	9.22%
U.S. Treasuries	4.00%	3.57%	4.00%	1.75%
Investment Grade Credit	7.00%	5.37%	7.00%	5.19%
High Yield	4.50%	6.74%	4.50%	6.97%
Private Credit	8.00%	8.90%	8.00%	9.20%
Real Assets	3.00%	8.20%	3.00%	8.40%
Real Estate	8.00%	10.95%	8.00%	8.58%
U.S. Equity	28.00%	8.63%	28.00%	8.98%
Non-US Developed Mkt Equity	12.75%	8.85%	12.75%	9.22%
Emerging Markets Equity	5.50%	10.66%	5.50%	11.13%
Private Equity	<u>13.00%</u>	<u>12.40%</u>	<u>13.00%</u>	<u>12.50%</u>
	<u>100.00%</u>		<u>100.00%</u>	

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 6. Pension Plan (continued):

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024 and 2023. 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 100% 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 in determining the total pension liability.

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, 2024 and 2023, 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:

2024			
	<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	\$ 15,209,453	\$11,446,401	\$ 8,244,065
2023			
	<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	\$ 17,099,603	\$ 13,135,482	\$ 9,761,491

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 66, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. The Authority elected not to record the associated revenue and expenditure on their financial

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 6. Pension Plan (continued):

statements however, the non-employer contribution amount for the year ended December 31, 2024 is \$36,903 with an employer proportionate share of .0846279450%.

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, 2024 and 2023 was \$1,146,254 and \$1,212,060 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>.

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 \$1,046,109 as of December 31, 2024.

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 2024 and 2023 for \$129,532 and \$124,550 respectively, which included principal and interest.

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Early Retirement Incentive Plan (continued):

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>
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>177,129</u>	<u>14,613</u>	<u>191,742</u>
Total	<u>\$1,046,109</u>	<u>\$ 571,274</u>	<u>\$1,617,383</u>

Note 7. Long-Term Debt

The following is a summary of long-term debt at December 31, 2024:

<u>Issue</u>	<u>Initial Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Principal Balance Outstanding</u>
Series 2009 P Marine Terminal Revenue Bonds	12/30/09	01/01/40	5.750% 7.365%	157,880,000	111,265,000
Series 2012 Q Marine Terminal Refunding Bonds	10/17/12	01/01/33	3.130% 3.250%	60,060,000	21,570,000
Series 2016 S Marine Terminal Refunding Bonds	09/29/16	01/01/39	3.350% 5.875%	40,320,000	29,925,000
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>228,250,000</u>
Total					\$414,870,000
Add: Unamortized Bond Premium					16,768,955
Less: Current Maturities Included in Current Liabilities					<u>11,740,000</u>
Balance					<u>\$419,898,955</u>

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 7. Long-Term Debt (continued):

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

Year	Principal	Interest	Total
2025	\$ 11,740,000	\$ 22,502,585	\$ 34,242,585
2026	12,255,000	21,842,303	34,097,303
2027	12,820,000	21,151,624	33,971,624
2028	13,400,000	20,428,865	33,828,865
2029	14,040,000	19,672,244	33,712,244
2030-2034	77,695,000	85,768,042	163,463,042
2035-2039	96,665,000	60,208,787	156,873,787
2040-2044	81,020,000	33,774,434	114,794,434
2045-2049	<u>95,235,000</u>	<u>12,368,375</u>	<u>107,603,375</u>
Total	<u>\$414,870,000</u>	<u>\$297,717,259</u>	<u>\$712,587,259</u>

a) 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.

b) 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. Series 2012 R was paid off in January 2024.

c) 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

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 7. Long-Term Debt (continued):

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.

d) 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 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-3.....		SERIES Q.....	
	Annual Principal	Interest Rate	Annual Principal	Interest Rate
2025	\$ -		\$ 2,050,000	3.000%
2026	-		2,100,000	3.000%
2027	-		2,175,000	3.000%
2028	-		2,245,000	3.000%
2029	26,440,000	7.065%	2,355,000	3.000%
2030	-		2,475,000	3.000%
2031	-		2,600,000	3.130%
2032	-		2,715,000	3.130%
2033	-		2,855,000	3.250%
2034	-		-	
2035	-		-	
2036	-		-	
2037	-		-	
2038	-		-	
2039	-		-	
2040	<u>84,825,000</u>	7.365%	<u>-</u>	
Total	<u>\$111,265,000</u>		<u>\$21,570,000</u>	

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 7. Long-Term Debt (continued):

Issue Year	SERIES S-1.....	
	Annual Principal	Interest Rate
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	5.00%
2032	1,755,000	3.50%
2033	1,820,000	5.00%
2034	1,915,000	5.00%
2035	2,005,000	5.00%
2036	2,100,000	3.75%
2037	2,185,000	5.00%
2038	2,285,000	5.00%
2039	<u>1,670,000</u>	5.00%
Total	<u>\$29,925,000</u>	

Issue Year	SERIES A.....		SERIES B.....		Grand Total Principal
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	
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

SOUTH JERSEY PORT CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023**

Note 7. Long-Term Debt (continued):

Issue Year	SERIES A.....		SERIES B.....		Grand Total Principal
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	
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>\$228,250,000</u>		<u>\$414,870,000</u>

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
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>111,265,000</u>	<u>6,140,000</u>	<u>\$303,115,000</u>

SOUTH JERSEY PORT CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023**

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>
2025	\$ 4,825,000
2026	4,045,000
2027	5,045,000
2028	5,275,000
2029	<u>5,520,000</u>
Total	<u>\$ 26,440,000</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, 2024 AND 2023

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
2025	\$ 2,780,717
2026	2,658,686
2027	2,531,092
2028	2,397,626
2029	2,257,977
2030-2034	8,871,971
2035-2039	4,047,325
2040	<u>124,183</u>
Total	<u>\$25,669,577</u>

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 7. Long-Term Debt (continued):

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 amounts 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, 2024 and 2023:

	Balance December 31, 2023	Issued	Retired	Balance December 31, 2024	Due Within One Year
<u>Restricted:</u>					
Bond Payable	\$425,960,000		(11,090,000)	414,870,000	11,740,000
Lease Payable	4,912,719	-	(566,081)	4,346,638	2,544,818
Total	<u>\$430,872,719</u>	-	<u>(11,656,081)</u>	<u>\$419,216,638</u>	<u>14,284,818</u>
	Add: Unamortized Bond Premium			16,768,955	
	Less: Due within One Year			<u>14,284,818</u>	
	Total			<u>\$421,700,775</u>	

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 7. Long-Term Debt (continued):

	Balance December 31, 2022	Issued/ Adjustments	Retired	Balance December 31, 2023	Due Within One Year
<u>Restricted:</u>					
Bond Payable	\$436,795,000		(10,850,000)	425,960,000	11,090,000
Lease Payable	2,634,991	673,066	(395,338)	4,912,719	2,553,099
Total	<u>\$441,429,991</u>	<u>673,066</u>	<u>(11,230,338)</u>	<u>\$430,872,719</u>	<u>13,643,099</u>
				17,617,387	
				<u>13,643,099</u>	
				<u>\$434,847,007</u>	

Note 8. Commitments

Lessor

The South Jersey Port Corporation lease various rental spaces to tenants. The interest rates on the leases are fixed based on the U.S. prime interest rate of lease commencement, or at the interest rate explicitly prescribed in the lease agreement. As of December 31, 2024, leases receivable are \$26,128,923, and lease revenue and interest income related to the payments received for the year ended December 31, 2024 are \$4,754,134 and \$1,447,652, respectively and summarized as follows:

<u>Lease</u>	<u>Commencement Date</u>	<u>Payment Terms</u>	<u>Lease Receivable 12/31/24</u>	<u>Rent Revenue</u>	<u>Interest Revenue</u>
Central Metals	02/01/21	5 years	\$ 7,736	\$ 6,359	\$ 346
Delaware River Stevedores	10/01/23	10 years	702,306	62,733	15,301
D&M Transport Lease	10/01/24	5 years	78,105	15,219	1,805
Camden Plant Holdings	03/01/24	2 years	20,790	13,641	2,010
NUTSCO	03/21/03	30 years	250,816	25,468	11,120
Tri-State	04/01/22	5 years	36,457	25,673	1,549
Eastern Concrete	09/01/24	2 years	95,127	57,883	3,389
State Metal Industries	12/15/15	10 years	219,539	229,993	10,923
Mid Atlantic Shipping	08/01/16	10 years	37,244	22,482	1,662
John Lawrie	05/01/20	5 years	123,299	361,082	9,402
Camden Int'l Commodities	08/01/04	31 years	445,598	738,689	33,319
Joseph Oat	07/01/05	20 years	698,163	261,378	66,488

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 8. Commitments (continued):

<u>Lease</u>	<u>Commencement Date</u>	<u>Payment Terms</u>	<u>Lease Receivable 12/31/24</u>	<u>Rent Revenue</u>	<u>Interest Revenue</u>
Camden Iron & Metal	12/01/11	19 years	\$ 3,055,660	\$ 460,928	\$ 105,928
EMR	06/01/19	15 years	515,943	40,721	29,279
Camden Yards Steel	06/01/18	15 years	2,124,065	198,088	110,324
Camden Iron & Metal	01/01/11	26 years	175,103	80,383	18,461
Camden Waterfront	01/03/15	10 years	78,771	928,814	16,432
Paulsboro Marine Terminal	03/01/99	31 years	9,143,003	1,224,600	335,999
St Lawrence/ESSROC	11/01/99	54 years	8,321,198	-	673,915
Total			<u>\$ 26,128,923</u>	<u>\$4,754,134</u>	<u>\$1,447,652</u>

Lessee

The South Jersey Port Corporation entered into leases for various copiers, trucks, and office rental. The interest rates on the leases are fixed based on the U.S. prime interest rate of lease commencement, or at the interest rate explicitly prescribed in the lease agreement. CNHI and John Deer lease agreements contain a purchase option at the end of the lease term which the South Jersey Port Corporation is expected to exercise; accordingly, the related right-to-use assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Lease</u>	<u>Effective Date</u>	<u>Term</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Lease Liability</u>	<u>Balance Dec 31, 2024</u>
Conrail	02/01/16	25 yrs	\$ 4,000	3.50%	\$ 67,853	\$ 49,739
Mail Machine	04/01/19	5 yrs	2,898	5.50%	28,966	7,621
Railcar	02/26/20	6 yrs	102,000	4.99%	527,950	128,564
Xerox Copiers	02/21/20	5 yrs	42,000	4.75%	185,866	1,308
Tractor Loader Backhoe	10/27/21	5 yrs	20,883	3.99%	94,781	35,199
Wheel Loader	10/26/21	5 yrs	54,045	3.99%	245,273	91,065
Skid Steer	01/26/22	5 yrs	25,734	3.17%	119,137	49,780
FTB Operation	09/02/22	10 yrs	195,356	3.25%	1,764,680	1,346,025
John Deer Wheel Loader	10/26/22	5 yrs	44,130	5.42%	193,771	112,444
Hyster Lift Truck	07/31/23	5 yrs	105,030	7.35%	438,354	313,492
Hyster Pegasus Lift Truck	10/26/23	5 yrs	<u>75,362</u>	7.00%	<u>317,161</u>	<u>211,401</u>
Total			<u>\$671,438</u>		<u>\$3,983,792</u>	<u>\$2,346,638</u>

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 8. Commitments (continued):

Annual requirements to amortize long-term obligations and related interest are as follows:

Year ended December 31,:	
2025	\$ 635,636
2026	549,442
2027	430,247
2028	269,572
2029	225,104
Thereafter	<u>502,476</u>
	\$ 2,612,477
Less: (PV Discount)	<u>(265,839)</u>
Total	<u>\$ 2,346,638</u>

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.

Note 10. Deferred Compensation Plan

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.

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 2024 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 2024 began in July 1, 2023 and ended June 30, 2024. Pursuant to the 2024 "PILOT" agreement, the Corporation is not required to make the 2025 "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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 11. PILOT Payments (continued):

County of Camden PILOT Payments - The Corporation has entered into a 2024 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 2024. An appropriation of \$419,000 will be required from the State to make payment to the 2025 County of Camden “PILOT Tax Agreement”.

City of Salem PILOT Payments – The Corporation has entered into a 2024 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 2024. An appropriation of \$31,225 will be required from the State to make payment to the 2025 City of Salem “PILOT Tax Agreement”.

Borough of Paulsboro PILOT Payments – The Corporation has entered into a 2024 payment in lieu of tax agreement with the Borough requiring the Corporation to make annual payments of five hundred thousand (\$500,000), plus escalator of \$41,878 for 2024 in the calendar year 2024. An appropriation of \$541,878 will be required from the State to make payment to the 2025 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 actual construction cost of Buildings and 1 % of the fair market value of the subleased or occupied parts of the port project site. 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 2024 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 2025 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 that 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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 12. Capital Projects and Funding Sources (continued):

The Corporation's construction in progress consists of a variety of projects at the Port's locations. The Camden terminals have projects at the Broadway Terminal totaling \$2,607,563 and Balzano Marine Terminal for \$8,626,064. The Salem terminal have projects amounting to \$331,147. The Paulsboro Marine Terminal Project using Series 2017 B proceeds in the amount of \$-0- at this time. Total construction in progress amounted to \$11,564,774 at year end December 31, 2024.

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.

The Corporation and the Gloucester County Improvement Authority ("GCIA") also entered into a 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 had set forth the overall parameters for the design and development of the Paulsboro Marine Terminal, and the GCIA entered into the various contracts required to implement this development.

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. Direct vehicular and truck access from Interstate 295 to the terminal is via a two-lane, public access road and bridge structure over Mantua Creek.

The Corporation 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 initial phase Paulsboro Marine Terminal Project was \$176,737,986.

The Corporation negotiated a lease agreement with Holt Logistics Corporation (Paulsboro Waterfront Development, LLC) to serve as the terminal operator for the Paulsboro Marine Terminal, hosting private operations. The primary cargo is imported steel slabs. The first ships were received at the Paulsboro Marine Terminal in March 2017.

A subsequent Phase II extended the wharf to 2,200 feet to accommodate up to four ships, a 500-foot barge berth, and upland improvements.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

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

On August 29, 2017, the Corporation adopted a new subordinated bond resolution. The Subordinated bond authorized a series of bonds with an 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.

As of December 31, 2024, the Paulsboro Marine Terminal Project has been substantially completed and capitalized. The bond proceeds remaining to be spent for the final capital projects at December 31, 2024 amounted to \$11,541,597. These projects are expected to be substantially completed by mid-2026.

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 \$1,489,420 as of December 31, 2024 and \$1,229,818 as of December 31, 2023.

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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 16. Post-Retirement Benefits (continued):

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.

The South Jersey Port Corporation contributions to SHBP for the year ended December 31, 2024 and 2023 was \$665,227 and \$562,033 respectively, which equaled the required contributions for the year. There were thirty-eight (38) retired participants eligible at December 31, 2024 and thirty-six (36) for 2023.

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

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 16. Post-Retirement Benefits (continued):

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 expense (benefit) are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2024 were \$4,833,833,875 and \$12,914,432,673, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense (benefit) 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, 2023 through June 30, 2024. 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, 2024 and 2023 are as follows:

	December 31, <u>2024</u>	December 31, <u>2023</u>
Total OPEB Liability	\$ 27,829,623	\$ 23,340,752
Plan Fiduciary Net Position	<u>(246,474)</u>	<u>(183,350)</u>
Net OPEB Liability	<u>\$ 28,076,097</u>	<u>\$ 23,524,102</u>
Plan Fiduciary Net Position		
As a % of Total OPEB Liability	(0.89%)	(0.79%)

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 16. Post-Retirement Benefits (continued):

Net OPEB Liability (continued):

The total OPEB liability as of December 31, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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>2024</u>	<u>2023</u>
Inflation Rate	2.75%	2.75%
PERS - Salary Increases*:		
Future Years	2.75% to 6.55%	2.75% to 6.55%
PRFS – Salary Increase*:		
Future Years	3.25% to 16.25%	3.25% to 16.25%
Mortality:		
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021	
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021	

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

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for the periods July 1, 2018 to June 30, 2021.

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

Discount Rate

The discount rate for June 30, 2024 and 2023 was 3.93% and 3.65%, 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.

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 16. Post-Retirement Benefits (continued):

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, 2024 and 2023, 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:

2024			
	<u>At 1% Decrease (2.65%)</u>	<u>At Current Discount Rate (3.65%)</u>	<u>At 1% Increase (4.65%)</u>
Corporation's Proportionate Share of Net OPEB Liability	\$ 32,705,627	\$ 28,076,097	\$ 24,368,255

2023			
	<u>At 1% Decrease (2.65%)</u>	<u>At Current Discount Rate (3.65%)</u>	<u>At 1% Increase (4.65%)</u>
Corporation's Proportionate Share of Net OPEB Liability	\$ 27,248,407	\$ 23,524,101	\$ 20,528,471

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

The following presents the net OPEB liability as of June 30, 2024 and 2023, 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:

2023			
	<u>At 1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>At % Increase</u>
Corporation's Proportionate Share of Net OPEB Liability	\$23,746,647	\$28,741,097	\$33,642,553

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 16. Post-Retirement Benefits (continued):

2023			
	<u>At 1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>At 1% Increase</u>
Corporation's Proportionate Share of Net OPEB Liability	\$ 19,992,718	\$23,524,101	\$28,045,351

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, 2024 and 2023 respectively as follows:

Year ended December 31, :		Year ended December 31, :	
2025	\$ (1,762,417)	2024	\$ (2,668,796)
2026	(758,770)	2025	(2,185,911)
2027	(130,391)	2026	(1,182,540)
2028	(695,158)	2027	(554,333)
2029	(442,884)	2028	(1,118,946)
Thereafter	<u>475,048</u>	Thereafter	<u>(1,199,179)</u>
Total	<u>\$ (3,314,572)</u>	Total	<u>\$ (8,909,705)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.89, 7.89, 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

Note 17. Arbitrage Rebate Calculation

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

This Arbitrage calculation has been performed through January 8, 2025 and the Corporation is in material compliance with the arbitrage rebate requirements.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Note 18. Unearned Grant Revenue

Unearned grant revenue represents cash payments that are received in advance for products or services that has yet to provide. These cash payments are dedicated towards specific grants the Corporation has been awarded. Revenue is recognized only when it becomes measurable and available to finance the expenditures of the fiscal period, not when the payment is received. The Corporation's unearned grant revenue is \$58,097,149 as of December 31, 2024 and has been fully committed to projects.

Note 19. Contingencies

Litigation – The Corporation is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Corporation, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 20. Subsequent Events

The South Jersey Port Corporation has evaluated subsequent events occurring after December 31, 2024 through October 15, 2025, which is the date the financial statements were available to be issued. Management has determined no events have occurred that require disclosure.

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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, 2024 AND 2023

	2024			2023*		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Revenues:						
Cargo:						
Dockage	\$2,868,000	2,868,000	3,021,194	3,254,344	3,254,344	2,683,270
Truck Loading (Handling)	4,395,000	4,395,000	5,312,088	5,337,216	5,337,216	4,000,828
Wharfage	3,455,000	3,455,000	3,811,161	4,028,272	4,028,272	3,249,608
Storage	3,069,000	3,069,000	2,518,093	2,252,770	2,252,770	2,413,812
Demurrage	-	-	4,552	-	-	-
Crane Rental	1,873,000	1,873,000	1,766,054	2,076,666	2,076,666	1,450,627
Other	1,058,000	1,058,000	1,633,399	869,470	869,470	1,040,173
Total Cargo Revenue	16,718,000	16,718,000	18,066,541	17,818,738	17,818,738	14,838,318
Property Revenues:						
Leases	6,683,000	6,683,000	5,178,366	6,599,415	6,599,415	5,649,362
Utilities	728,000	728,000	457,337	691,500	691,500	659,360
Port of Salem	107,000	107,000	97,253	142,679	142,679	106,106
Port of Paulsboro	1,592,000	1,592,000	1,560,600	1,500,000	1,500,000	1,586,941
Miscellaneous	200,000	200,000	1,447,652	-	-	-
Total Property Revenue	9,310,000	9,310,000	8,741,208	8,933,594	8,933,594	8,001,769
Other Income:						
Income on Investments	263,000	263,000	1,285,549	28,963	28,963	438,949
Miscellaneous	30,000	30,000	867,125	106,122	106,122	3,141,034
Total Other Income	293,000	293,000	2,152,674	135,085	135,085	3,579,983
Grant Revenue			13,234,923			6,726,793
Total Revenues	\$26,321,000	26,321,000	42,195,346	\$26,887,417	26,887,417	33,146,863
Operating Expenses:						
Port Operations:						
Labor Expense:						
Labor	5,338,000	5,338,000	5,856,352	5,351,740	5,351,740	5,805,786
Total Labor Expense	5,338,000	5,338,000	5,856,352	5,351,740	5,351,740	5,805,786
Payroll Taxes	494,007	494,007	579,132	536,771	536,771	324,563
Workers Compensation Insurance	478,002	478,002	478,397	737,352	737,352	953,278
Employee Benefits:						
Hospitalization	1,625,008	1,625,008	1,600,676	1,945,112	1,945,112	1,009,471
Pension	710,995	710,995	994,510			
Vacation, Holiday, Sick, Pension	1,013,988	1,013,988	924,617	1,185,270	1,185,270	732,979
Miscellaneous Employer Expenses	52,000	52,000	52,707	68,295	68,295	30,739
Total Employee Benefits	4,374,000	4,374,000	4,630,039	4,472,800	4,472,800	3,051,030

* - Reallocated line item expenses for comparative purposes

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	2024			2023*		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
Cranes:						
Gas and Oil	391,000	391,000	308,633	522,992	522,992	214,997
Repair and Maintenance	147,000	147,000	64,598	93,094	93,094	20,110
Materials and Supplies	37,000	37,000	43,259	53,062	53,062	308,268
Total Cranes	575,000	575,000	416,490	669,148	669,148	543,375
Handling:						
Gas & Oil	11,000	11,000	-	33,992	33,992	98,285
Materials and Supplies	42,000	42,000	45,429	107,594	107,594	35,062
Trucking Expenses	4,000	4,000	35,989	18,972	18,972	-
Clerking & Checking	2,368,000	2,368,000	3,508,735	3,242,985	3,242,985	2,143,749
Total Handling	2,425,000	2,425,000	3,590,153	3,403,543	3,403,543	2,277,096
Garage:						
Materials	213,000	213,000	333,699	349,357	349,357	319,614
Equipment/Vehicles Purchases	150,000	150,000	800	229,946	229,946	-
Rental of Equipment	594,000	594,000	364,703	538,398	538,398	253,469
Lease Payments	428,000	428,000	412,119	-	-	477,788
Contracted	-	-	85,674	78,917	78,917	197,242
Repair and Maintenance	85,000	85,000	312,762	-	-	-
Small Tools	24,000	24,000	-	114,156	114,156	17,026
Total Garage	1,494,000	1,494,000	1,509,757	1,310,774	1,310,774	1,265,139
Buildings & Grounds:						
Utilities	1,200,000	1,200,000	1,301,752	1,372,809	1,372,809	1,342,440
Contracted	-	-	86,045	202,404	202,404	53,020
Trash Removal	290,000	290,000	361,266	535,232	535,232	102,048
Fees & Permits	163,000	163,000	114,584	213,803	213,803	48,862
Materials and Supplies	332,000	332,000	9,435	40,267	40,267	251,715
Repair and Maintenance	136,000	136,000	246,150	-	-	-
Total Buildings & Grounds	2,121,000	2,121,000	2,119,232	2,364,515	2,364,515	1,798,085
Security:						
Alarm/Monitoring Services	84,000	84,000	52,453	122,484	122,484	33,456
Total Security Expenses	84,000	84,000	52,453	122,484	122,484	33,456
Warehouse:						
Barcoding and Scanning	217,000	217,000	217,000	217,000	217,000	217,000
Total Warehouse Expenses	217,000	217,000	217,000	217,000	217,000	217,000
Other Expenses:						
Insurance Expenses	1,925,000	1,925,000	1,706,192	787,242	787,242	757,779
Interest Expense	171,000	171,000	142,932	163,155	163,155	172,752
Total Other Expenses	2,096,000	2,096,000	1,849,124	950,397	950,397	930,531
Port of Salem Operations	68,000	68,000	89,135	72,755	72,755	66,960
Port of Paulsboro Operations	1,000,000	1,000,000	997,335	1,000,000	1,000,000	996,000
Total General Operating	19,792,000	19,792,000	21,327,070	19,935,156	19,935,156	16,984,458

* - Reallocated line item expenses for comparative purposes

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	2024			2023*		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
General & Administrative:						
Labor - Administrative	2,186,000	2,186,000	2,203,602	2,058,821	2,058,821	1,637,530
Payroll Taxes	197,005	197,005	152,423	177,148	177,148	326,679
Workmen's Compensation	2,992	2,992	3,000	59,994	59,994	96,852
Employee Benefits:						
Hospitalization	897,009	897,009	543,901	1,070,345	1,070,345	1,077,848
Pension	293,994	293,994	248,628	924,547	924,547	984,069
Insurance	325,000	325,000	31,239	20,000	20,000	30,265
Professional Fees	1,575,000	1,575,000	965,257	1,090,907	1,090,907	1,075,227
Miscellaneous	781,000	781,000	842,239	1,190,261	1,190,261	473,707
Telephone	113,000	113,000	86,003	118,205	118,205	105,911
Utilities	-	-	-	33,048	33,048	32,400
Bad Debt	30,000	30,000	30,000	30,600	30,600	30,000
Total General & Administrative	6,401,000	6,401,000	5,106,292	6,773,876	6,773,876	5,870,488
Grant Expenses			13,234,923			6,726,793
Total Operating Expenses	26,193,000	26,193,000	39,668,285	26,709,032	26,709,032	29,581,739
Operating Income Before Other						
Operating Expenses	\$ 128,000	128,000	2,527,061	\$178,385	178,385	\$ 3,565,124
Adjustments to Reconcile Excess Revenues Over						
Expenditures to GAAP Basis for Change in Net Position:						
Decreased by:						
Depreciation			17,707,890			10,144,266
Operating Income/(Loss)/After Other Operating						
Expenses (Exhibit A-2)			\$ (15,180,829)			\$ (6,579,142)

* - Reallocated line item expenses for comparative purposes

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**SOUTH JERSEY PORT CORPORATION
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2024**

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE DECEMBER 31, 2023	ISSUED	DECREASED	BALANCE DECEMBER 31, 2024
	DATE	AMOUNT		DATE	AMOUNT				
Marine Terminal Bonds, Series 2009 P	12/30/09	\$ 157,880,000	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>111,265,000</u>	\$ 115,865,000		4,600,000	\$ 111,265,000
Marine Terminal Bonds, Series 2012 Q	10/17/12	60,060,000	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				
			3.13%	2032	2,715,000				
			3.25%	2033	2,855,000				
					<u>21,570,000</u>	\$ 22,520,000		950,000	\$ 21,570,000

**SOUTH JERSEY PORT CORPORATION
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2024**

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE DECEMBER 31, 2023	ISSUED	DECREASED	BALANCE DECEMBER 31, 2024
	DATE	AMOUNT		DATE	AMOUNT				
Marine Terminal Bonds, Series 2012 R	10/17/12	16,050,000	4.00%	2024	900,000	900,000		900,000	\$ -
					<u>900,000</u>				
Marine Terminal Bonds, Series 2016 S	09/29/16	40,320,000	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	<u>1,670,000</u>				
					<u>29,925,000</u>			<u>1,750,000</u>	<u>\$ 29,925,000</u>

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2024

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE DECEMBER 31, 2023	ISSUED	DECREASED	BALANCE DECEMBER 31, 2024
	DATE	AMOUNT		DATE	AMOUNT				
Marine Terminal Bonds, Series 2017 A	11/16/17	23,860,000	5.00%	2048	2,910,000				
			5.00%	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%	2025	3,025,000				
			5.00%	2026	3,180,000				
			5.00%	2027	3,340,000				
			5.00%	2028	3,505,000				
			5.00%	2029	3,680,000				
			5.00%	2030	3,865,000				
			5.00%	2031	4,055,000				
			5.00%	2032	4,260,000				
			5.00%	2033	4,470,000				
			5.00%	2034	7,660,000				
			5.00%	2035	8,045,000				
			5.00%	2036	8,445,000				
			5.00%	2037	8,870,000				
			5.00%	2038	9,310,000				
			5.00%	2039	9,780,000				
			5.00%	2040	10,265,000				
			5.00%	2041	14,180,000				
			5.00%	2042	14,890,000				
			5.00%	2043	15,635,000				
			5.00%	2044	16,415,000				
			5.00%	2045	17,235,000				
			5.00%	2046	18,100,000				
			5.00%	2047	19,000,000				
			5.00%	2048	17,040,000				
		<u>228,250,000</u>				231,140,000		2,890,000	228,250,000
Total						\$ 425,960,000	-	11,090,000.00	\$ 414,870,000
Add: Unamortized Premium						17,617,387			16,768,955
Less: Due Within One Year						11,090,000			11,740,000
Balance						<u>\$ 432,487,387</u>			<u>\$ 419,898,955</u>

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF NET POSITION
DECEMBER 31, 2024

	RESTRICTED					TOTAL
	UNRESTRICTED OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE ACCOUNT	MAINTENANCE RESERVE ACCOUNT	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT
ASSETS						
Current Assets:						
Cash & Cash Equivalents/Investments	\$13,743,571		31,018,576	18,390	102,565,971	17,733
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$569,488)	2,180,157					
Due from State						
Other Accounts Receivable	26,128,923		1,349,252		435,089	
Grant Receivable					395,766	
Prepaid Expenses	573,880					
Tenant Security Deposit	27,274					
Inventory of Supplies	1,489,420					
Interfund Accounts Receivable	358,301,095	81,225,228	331,506,877	494,890	1,305	
Total Current Assets	402,444,320	81,225,228	363,874,705	513,280	103,398,131	17,733
Property, Plant & Equipment (Note 5)						
Construction in Progress					609,045,106	
Bond Financing Costs					11,564,774	
					2,281,415	
Subtotal					622,891,295	
Accumulated Depreciation & Amortization					171,687,375	
Total Property, Plant & Equipment & Construction in Progress					451,203,920	
Total Assets	402,444,320	81,225,228	363,874,705	513,280	554,602,051	17,733
DEFERRED OUTFLOW OF RESOURCES						
Pension & OPEB Deferred Outflows	13,562,518					
Bond Discount, Net of Accumulated Amortization					134,576	
Total Deferred Outflows of Resources	13,562,518				134,576	
Total Assets and Deferred Outflows of Resources	\$416,006,838	81,225,228	363,874,705	513,280	554,736,627	17,733

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF NET POSITION
DECEMBER 31, 2024

LIABILITIES	RESTRICTED					TOTAL
	UNRESTRICTED OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE ACCOUNT	MAINTENANCE RESERVE ACCOUNT	TAX CONSTRUCTION RESERVE ACCOUNT	
Current Liabilities Payable from Assets:						
Accounts Payable	501,483				7,043,660	7,545,143
Lease Payable					2,544,818	2,544,818
Accrued Expenses	589,426					589,426
Accrued Interest Payable		11,412,702				11,412,702
Accrued Vacation Payable	78,353					78,353
Pension Payable	1,146,266					1,146,266
Payroll Taxes Payable	82,770					82,770
Lease Security & Escrow Deposits	227,791					227,791
Revenue Bonds - Short Term					11,740,000	11,740,000
Interfund Accounts Payable	341,128,432	69,812,526	329,632,120	1,352	30,937,232	771,529,395
Total Current Liabilities	343,754,521	81,225,228	329,632,120	1,352	52,265,710	806,896,664
Long Term Liabilities Payable:						
Vacation Payable	280,647					280,647
Early Retirement Payable	1,046,109					1,046,109
Unearned Revenue					58,097,149	58,097,149
Net Pension Payable	10,300,135					10,300,135
OPEB Payable	28,076,097					28,076,097
Revenue Bonds (Long-Term Portion)					419,898,955	419,898,955
Lease Payable					1,801,820	1,801,820
Total Long Term Liabilities	39,702,988				479,797,924	519,500,912
Total Liabilities	383,457,509	81,225,228	329,632,120	1,352	532,063,634	1,326,397,576
DEFERRED INFLOWS OF RESOURCES						
Unrealized Rental Income	9,193,612					9,193,612
Gain on Bond Refunding					260,869	260,869
Pension and OPEB Deferred Inflows	37,643,112					37,643,112
Total Deferred Inflows of Resources	46,836,724				260,869	47,097,593
NET POSITION						
Net Investment in Capital Assets						
Reserve for Payment of Debt Service				511,928	22,412,124	22,924,052
Reserve for Inventory Supplies	1,489,420		34,242,585			34,242,585
Unreserved	(15,776,815)					1,489,420
Net Position	(14,287,395)	-	34,242,585	511,928	22,412,124	42,879,242
Total Liabilities, Deferred Inflows of Resources and Net Position	\$416,006,838	81,225,228	363,874,705	513,280	554,736,627	1,416,374,411

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF CHANGES IN NET POSITION ALL ACCOUNTS
DECEMBER 31, 2024

	OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE	MAINTENANCE RESERVE	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT	TOTAL
Net Position - Beginning Balance	\$ (16,151,312)		34,242,585	510,175	27,638,847		\$ 46,240,295
Add:							
Excess of Revenue Over Expenses	2,527,061						2,527,061
State of New Jersey:							
Debt Service Aid			29,750,000				29,750,000
PILOT Payments			2,703,697			5,142,102	5,142,102
Federal Subsidy Revenue	17,391						17,391
Amortization Gain on Refunding of Debt	848,431						848,431
Amortization of Bond Premium				919	1,532,215		1,533,134
Interest on Investments							
Inventory of Supplies	131,468				168,980	32	300,480
Unrealized Gain on Investment	3,295,078	22,942,961		834	10,779,972		37,018,845
Interfund Transfers							
Total	(9,331,883)	22,942,961	66,696,282	511,928	40,120,014	5,142,134	126,081,436
Deduct:							
Interest Expense		22,942,961					22,942,961
Depreciation/Amortization Expense					17,691,742		17,691,742
Gain/(Loss) on Sale of Assets	381,424						381,424
Amortization of Bond Discount on Refunding	8,972						8,972
Net Change in Escrow Reserves							
Transfer of Depreciation to Contributed Capital					16,148		16,148
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						541,878	541,878
Salem PILOT Payment						31,224	31,224
Interfund Transfers	4,565,116		32,453,697			32	37,018,845
Total	4,955,512	22,942,961	32,453,697		17,707,890	5,142,134	83,202,194
Net Position December 31, 2024	(\$14,287,395)	-	34,242,585	511,928	22,412,124	-	42,879,242

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

	Measurement Date Ending June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Corporation's Proportion of the Net Pension Liability (Asset)	0.08354%	0.08993%	0.08143%	0.08036%	0.07104%	0.07415%	0.08067%	0.08310%	0.05163%	0.03065%
Corporation's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,446,401	\$ 13,135,482	\$ 12,393,713	\$ 9,621,245	\$ 11,675,687	\$ 13,452,879	\$ 15,883,939	\$ 19,345,036	\$ 23,837,140	\$ 14,148,921
Corporation's Covered Employee Payroll	\$ 7,301,014	\$ 6,670,336	\$ 6,662,177	\$ 6,115,751	\$ 5,662,678	\$ 5,155,366	\$ 5,340,585	\$ 5,485,730	\$ 5,536,764	\$ 5,341,347
Corporation's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	156.78%	196.92%	186.03%	157.32%	206.19%	260.95%	297.42%	352.64%	430.52%	264.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

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

	Fiscal Year Ended June 30,									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,146,254	\$ 1,212,060	\$ 1,035,629	\$ 951,133	\$ 783,241	\$ 726,237	\$ 802,427	\$ 769,860	\$ 541,887	\$ 479,587
Contributions in Relation to the Actuarially Determined Contributions	\$ 1,146,254	\$ 1,212,060	\$ 1,035,629	\$ 951,133	\$ 783,241	\$ 726,237	\$ 802,427	\$ 769,860	\$ 541,887	\$ 479,587
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-Employee Payroll	\$ 7,301,014	\$ 6,670,336	\$ 6,662,177	\$ 6,115,751	\$ 5,662,678	\$ 5,155,366	\$ 5,340,585	\$ 5,485,730	\$ 5,536,764	\$ 5,341,347
Contributions as a Percentage of Covered-Employee Payroll	15.700%	18.171%	15.545%	15.552%	13.832%	14.087%	15.025%	14.034%	9.787%	8.979%

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

	Measurement Date Ending June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	
Proportion of the net OPEB liability	0.156802%	0.156759%	0.140229%	0.126008%	0.125720%	0.1112670%	0.120699%	0.123908%	0.139036%	
Proportionate share of net OPEB liability	\$ 28,076,097	\$ 23,524,101	\$ 22,646,416	\$ 22,681,164	\$ 22,562,482	\$ 15,262,358	\$ 18,909,451	\$ 25,296,796	\$ 30,195,094	
Corporation's covered employee payroll	\$ 8,493,310	\$ 7,226,242	\$ 7,543,006	\$ 7,187,672	\$ 6,647,960	\$ 5,961,503	\$ 6,512,543	\$ 6,602,272	\$ 6,561,457	
Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	330.57%	325.54%	300.23%	315.56%	339.39%	256.02%	290.35%	383.15%	460.19%	
Plan Fiduciary Net Position as a % of total OPEB liability	-0.89%	-0.79%	-0.36%	0.28%	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, 2024

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - None

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.65% as of June 30, 2023, to 3.93% as of June 30, 2024.

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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 STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE NEW JERSEY OMB CIRCULAR 15-08

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the South Jersey Port Corporation's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of South Jersey Port Corporation's major state programs for the year ended December 31, 2024. South Jersey Port Corporation's major state programs are identified in the *Summary of Auditor's Results Section* of the accompanying schedule of findings and questioned costs.

In our opinion, South Jersey Port Corporation (the "Corporation"), a component unit of the 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 of its major state programs for the year ended December 31, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey OMB Circular 15-08; 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 and State Aid*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Corporation's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and N.J. OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and N.J. OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the South Jersey Port Corporation as of and for the year ended December 31, 2023, and have issued my report thereon dated October 15, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by New Jersey OMB Circular 15-08 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditure of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

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

Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
October 15, 2025

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SOUTH JERSEY PORT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL PROJECT NUMBER	FEDERAL ASSISTANCE LISTING NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT DECEMBER 31, 2023	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	AT DECEMBER 31, 2024	UNEARNED REVENUE/ INTERFUND PAYABLE	MEMO ONLY CUMULATIVE TOTAL EXPENDITURES
U.S. Department of Homeland Security											
Port Security Grant Program	EMW-2021-PU-00334-S01	97.056	\$ 349,650	9/1/21 - 8/31/24	\$ -	217,966	(217,966)				\$ 349,650
FEMA COVID-19	FEMA-4488-DR-NJ	97.036	112,112	1/1/22 - 12/31/22	-	5,041		(5,041)			112,112
Total Federal Financial Assistance					\$ -	223,007	(217,966)	(5,041)	-	\$ -	461,762

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

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

STATE GRANTOR/ PROGRAM TITLE	STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT DECEMBER 31, 2023	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	UNEARNED REVENUE AT DECEMBER 31, 2024	(ACCOUNTS RECEIVABLE) AT DECEMBER 31, 2024	MEMO ONLY CUMULATIVE TOTAL EXPENDITURES
Department of Environmental Protection DEP Equipment Modernization Program VW Project	22-72W-042-4892-001 -V7K2-6130-39990770	6,594,814	09/01/21 - 09/01/24	\$ 1,853,555		(2,381,376)	132,055	-	(395,766)	\$ 5,646,388
Department of the Treasury Wind Port Upgrades and Improvements Project	N/A	35,000,000	07/01/21 - 12/31/26	33,128,760	-	(4,509,188)	1,618,027	30,237,599		8,622,921
BPU Funds- Wind Port Upgrade & Improvements	N/A	1,800,000	01/25/21 - 01/24/26	1,875,000			85,159	1,960,159		
New Jersey Debt Avoidance	N/A	24,000,000	11/20/23 - 12/31/26	24,078,974		(3,265,779)	1,006,635	21,819,830		3,265,779
Department of Community Affairs: CFR American Rescue Sprinkler	N/A	3,000,000	03/02/21 - 12/31/26	-	750,000	(10,325)	830	740,505		10,325
Department of Transportation: Rail Freight Assistance Program	20-35262	6,010,650	11/17/20 - 12/26/23	(1,413,713)	5,947,172	(2,850,289)	1,655,886	3,339,056		4,445,195
Total State Financial Assistance				\$ 59,522,576	6,697,172	(13,016,957)	4,498,592	58,097,149	(395,766)	\$ 21,990,608

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

SOUTH JERSEY PORT CORPORATION
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2024

1. General

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

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

2. Basis of Accounting

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

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 and State Financial Reports

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

SOUTH JERSEY PORT CORPORATION
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 financial statements noted?	No

Federal Awards

Internal Control over major programs:	SECTION IS N/A – NOT REQUIRED	
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 Uniform Guidance as applicable?	No	

Identification of major programs:

Grant Number(s)	Name of Federal Program or Cluster
N/A	

Dollar threshold used to distinguish between Type A Programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SOUTH JERSEY PORT CORPORATION
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Section 1— Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes
Internal control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiency(ies) 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 New Jersey OMB's Circular 15-08 as applicable?	No

State Grant/Project Number(s)

Name of State Program

N/A

New Jersey Debt Avoidance

**SOUTH JERSEY PORT CORPORATION
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Section II — Financial Statement Findings

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

None Noted

Section III — State Awards Findings & Questioned Costs

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

None Noted

Summary of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with NJ OMB Circular 15-08.

None Noted