

SOUTH JERSEY PORT CORPORATION

AUDIT REPORT

FOR THE YEARS ENDED

DECEMBER 31, 2021 AND 2020

DRAFT

SOUTH JERSEY PORT CORPORATION

BOARD OF DIRECTORS

AT DECEMBER 31, 2021

Richard A. Alaimo, Chairman
Subdistrict 1 (Burlington)

Chad Bruner
Subdistrict 2 (Gloucester)

Robert DeAngelo
Subdistrict 2 (Gloucester/Borough of Paulsboro)

Jonathan S. Gershen
Subdistrict 1 (Mercer)

Joseph Maressa, Jr.
Subdistrict 2 (Camden)

Eric Martins
Subdistrict 1 (Mercer)

Sheila Roberts
Subdistrict 2 (Camden/City of Camden)

Carl E. Styles
Subdistrict 3 (Salem)

William R. Higgins
Subdistrict 3 (Salem, Cape May or Cumberland)

Christopher Chianese
State Treasurer Designee

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

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021



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

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of the South Jersey Port Corporation, a component unit of the State of New Jersey, in the County of Camden, State of New Jersey ("Corporation"), as of and for the fiscal years ended December 31, 2021 and 2020, 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 and the aggregate remaining fund information of the Corporation as of December 31, 2021, 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. 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, 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 2020 basic financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 25, 2022, 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, 2020, 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*, I have also issued a report dated DATE on my consideration of the South Jersey Port Corporation's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Respectfully submitted,

Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
DATE

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

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

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the South Jersey Port Corporation, in the County of Camden, State of New Jersey as of and for the year ended December 31, 2021, 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 **DATE**.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey

DATE

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BASIC FINANCIAL STATEMENTS

SOUTH JERSEY PORT CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
Current Assets:		
Unrestricted Assets:		
Cash & Cash Equivalents	\$ 8,366,588	\$ 9,482,288
Accounts Receivable (Net of Allowance for Doubtful Accounts - \$424,050 in 2021 and \$388,050 in 2020)	3,363,190	2,250,519
Other Accounts Receivable	1,667,461	1,853,458
Prepaid Expenses	89,310	94,223
Inventory of Supplies	1,348,580	1,355,329
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Total Unrestricted Current Assets	14,835,129	15,035,817
	<hr/>	<hr/>
Restricted Assets:		
Cash & Cash Equivalents	75,574,919	108,746,606
Investments	5,970,770	6,667,770
Other Accounts Receivable	382,259	380,173
Due from State of New Jersey	29,635,000	29,164,000
Tenant Security Deposit	27,274	
	<hr/>	<hr/>
Total Restricted Current Assets	111,590,222	144,958,549
	<hr/>	<hr/>
Property, Plant & Equipment (Note 5):		
Completed	405,811,034	401,212,382
Construction in Progress	189,224,216	156,749,143
Bond Financing Costs	9,159,938	9,159,938
	<hr/>	<hr/>
Total Property, Plant & Equipment	604,195,188	567,121,463
Less: Accumulated Depreciation & Amortization	155,871,526	146,632,075
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Net Property, Plant & Equipment	448,323,662	420,489,388
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Total Assets	574,749,013	580,483,754
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DEFERRED OUTFLOW OF RESOURCES		
Related to Pension and Other Postemployment Benefits	8,463,924	8,022,668
Bond Discount, Net of Accumulated Amortization	161,494	170,466
	<hr/>	<hr/>
Total Deferred Outflows of Resources	8,625,418	8,193,134
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	\$ 583,374,431	\$ 588,676,888
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The accompanying Notes to the Financial Statements are an integral part of this Statement.

SOUTH JERSEY PORT CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2021 AND 2020

LIABILITIES	2021	2020
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	\$ 649,249	\$ 912,996
Accrued Expenses	177,568	129,426
Payroll Taxes Payable	153,995	144,857
Accrued Vacation Payable	164,733	135,433
Pension Payable	951,133	783,242
Lease Security & Escrow Deposits	244,081	208,973
	<hr/>	<hr/>
Total Current Liabilities Payable From Unrestricted Assets	2,340,759	2,314,927
Current Liabilities Payable From Restricted Assets:		
Accrued Interest Payable	12,199,529	12,436,162
Contracts Payable	1,170,229	77,248
Revenue Bonds Payable (Short-Term Portion)	10,350,000	9,965,000
Capital Lease Payable	2,120,806	2,278,453
	<hr/>	<hr/>
Total Current Liabilities Payable From Restricted Assets	25,840,564	24,756,863
Long-Term Liabilities:		
Long-Term Liabilities Payable From Unrestricted Assets:		
Vacation Payable	27,015	55,009
Early Retirement Payable	1,143,733	1,162,944
Net Pension Payable	8,570,112	10,892,445
OPEB Payable	22,562,482	22,562,482
	<hr/>	<hr/>
Total Long-Term Liabilities Payable From Unrestricted Assets	32,303,342	34,672,880
Long-Term Liabilities Payable From Restricted Assets:		
Revenue Bonds Payable (Net of Unamortized Premium)	456,198,798	467,486,778
Capital Lease Payable	671,490	563,261
	<hr/>	<hr/>
Total Long-Term Liabilities Payable From Restricted Assets	456,870,288	468,050,039
	<hr/>	<hr/>
Total Liabilities	517,354,953	529,794,709
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Service Arrangements	991,233	395,905
Unrealized Rental Income	9,499,500	9,601,462
Gain on Bond Refunding, Net of Accumulated Amortization	313,043	330,435
Pension and OPEB Deferred Inflows	19,893,417	19,287,227
	<hr/>	<hr/>
Total Deferred Inflows of Resources	30,697,193	29,615,029
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	24,690,199	22,668,372
Restricted:		
Reserve for Payment of Debt Service	34,515,358	34,600,691
Reserve for Inventory of Supplies	1,348,580	1,355,329
Unrestricted:		
Unreserved	(25,231,852)	(29,357,242)
	<hr/>	<hr/>
Total Net Position	35,322,285	29,267,150
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 583,374,431	\$ 588,676,888
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The accompanying Notes to the Financial Statements are an integral part of this Statement.

SOUTH JERSEY PORT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Operating Revenues:		
Marine Direct	\$ 23,348,556	\$ 19,878,094
Marine Related	2,329,036	2,533,302
Other	225,652	105,410
Grant Revenue	670,143	959,245
	<hr/>	<hr/>
Total Operating Revenues	26,573,387	23,476,051
	<hr/>	<hr/>
Operating Expenses:		
General Operating	13,747,822	11,651,318
Repairs & Maintenance	1,668,262	1,454,873
General & Administrative	5,417,062	6,680,651
Grant Expenses	670,143	959,245
	<hr/>	<hr/>
Total Operating Expenses	21,503,289	20,746,087
	<hr/>	<hr/>
Operating Income Before Other Operating Expenses	5,070,098	2,729,964
	<hr/>	<hr/>
Other Operating Expenses:		
Depreciation	9,197,955	9,310,667
	<hr/>	<hr/>
Total Other Operating Expenses	9,197,955	9,310,667
	<hr/>	<hr/>
Operating Income/(Loss) After Other Operating Expenses	(4,127,857)	(6,580,703)
	<hr/>	<hr/>
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	275,769	1,182,241
Insurance Proceeds	756,056	
Federal Subsidy Revenue	2,739,377	2,886,255
Gain/(Loss) on Sale of Assets		(3,401)
Amortization Gain on Refunding of Debt	17,391	17,391
Amortization of Bond Discount on Refunding	(8,972)	(8,972)
Amortization of Bond Premium	937,980	937,980
Net Change in Developers' Escrow	35,108	(16,929)
Net Change in Reserve for Payment of Debt Service	(85,333)	
Unrealized Gain/(Loss) on Investment	420,732	289,619
Interest Expense	(24,533,367)	(24,998,450)
	<hr/>	<hr/>
Net Nonoperating Revenue/(Expenses)	(19,445,259)	(19,714,266)
	<hr/>	<hr/>
Net Income/(Loss) Before Transfers	\$ (23,573,116)	\$ (26,294,969)
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The accompanying Notes to the Financial Statements are an integral part of this Statement.

SOUTH JERSEY PORT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	\$ 29,635,000	\$ 29,164,000
Camden City PILOT Revenues	4,000,000	4,000,000
Camden City PILOT Expenditures	(4,000,000)	(4,000,000)
Camden County PILOT Revenues	419,000	419,000
Camden County PILOT Expenditures	(419,000)	(419,000)
Salem PILOT Revenues	31,224	31,224
Salem PILOT Expenditures	(31,224)	(31,224)
Paulsboro PILOT Revenues	500,000	500,000
Paulsboro PILOT Expenditures	(500,000)	(500,000)
Gloucester County PILOT Revenues	150,000	150,000
Gloucester County PILOT Expenditures	(150,000)	(150,000)
Change in Inventory of Supplies	(6,749)	23,155
	<hr/>	<hr/>
Total Operating Transfers	29,628,251	29,187,155
	<hr/>	<hr/>
Change in Net Position	6,055,135	2,892,186
	<hr/>	<hr/>
Net Position - Beginning of Year	29,267,150	26,374,964
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Net Position - End of Year	<u><u>\$ 35,322,285</u></u>	<u><u>\$ 29,267,150</u></u>

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

SOUTH JERSEY PORT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 25,560,877	\$ 20,323,710
Interest Receipts	61,389	78,660
Payments to Employees	(6,794,969)	(6,110,078)
Payments for Employee Benefits	(3,212,203)	(4,925,842)
Payments to Suppliers	(11,955,759)	(10,096,058)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	3,659,335	(729,608)
Cash Flows From Noncapital Financing Activities:		
Tenant and Developer Escrow Refunds	35,108	(16,929)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	35,108	(16,929)
Cash Flows From Capital & Related Financing Activities:		
Acquisition & Construction of Capital Assets	(37,382,192)	(38,442,836)
Capital Lease Payments	(388,571)	141,939
Federal Interest Subsidy	2,739,377	2,886,255
Insurance Proceeds	756,056	
Interest Paid on Revenue Bonds	(24,770,001)	(25,261,463)
Principal Paid on Revenue Bonds	(9,965,000)	(11,995,000)
State Aid for Debt Service	29,635,000	29,164,000
Camden City PILOT Revenues	4,000,000	4,000,000
Camden City PILOT Payments	(4,000,000)	(4,000,000)
Camden County PILOT Revenues	419,000	419,000
Camden County PILOT Payment	(419,000)	(419,000)
Paulsboro PILOT Revenues	500,000	500,000
Paulsboro PILOT Expenditures	(500,000)	(500,000)
Gloucester County PILOT Revenues	150,000	150,000
Gloucester County PILOT Payment	(150,000)	(150,000)
Salem PILOT Revenues	31,224	31,224
Salem PILOT Payment	(31,224)	(31,224)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Capital & Related Financing Activities	(39,375,331)	(43,507,105)
Cash Flows From Investing Activities:		
Unrealized Gain/(Loss) on Investment	420,732	289,619
Interest & Dividends	275,769	1,182,241
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Net Cash Provided/(Used) by Investing Activities	\$ 696,501	\$ 1,471,860

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, 2021 AND 2020

	2021	2020
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (34,984,387)	\$ (42,781,782)
Balances - Beginning of Year	<u>124,896,664</u>	<u>167,678,446</u>
Balances - End of Year	<u><u>\$ 89,912,277</u></u>	<u><u>\$ 124,896,664</u></u>

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

Operating Income/(Loss)	\$ (4,127,857)	\$ (6,580,703)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used)		
by Operating Activities:		
Operating Activities:		
Depreciation & Net Amortization	9,197,955	9,310,667
(Increase)/Decrease in Accounts Receivable, Net	(956,034)	(3,088,509)
(Increase)/Decrease in Prepaid Expenses	4,913	14,828
Increase/(Decrease) in Accounts Payable	(2,195,975)	(399,373)
Increase/(Decrease) in Accrued Liabilities	1,306	35,080
Increase/(Decrease) in Contracts Payable	1,092,981	(71,251)
Increase/(Decrease) in Early Retirement Payable	(19,211)	(13,656)
Increase/(Decrease) in Pension Payable	167,891	57,003
Increase/(Decrease) in Service Arrangements	595,328	108,269
Increase/(Decrease) in Unrealized Rental Income	<u>(101,962)</u>	<u>(101,963)</u>
Total Adjustments	<u>7,787,192</u>	<u>5,851,095</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 3,659,335</u></u>	<u><u>\$ (729,608)</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020**

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 1. Summary of Significant Accounting Policies

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

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements:

The following GASB Statements became effective for the year ended December 31, 2021:

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management does not expect this statement to have a material impact on the Corporation's financial statements.

Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this statement to have a material impact on the Corporation's financial statements.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2019, and later.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

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

Recently Issued Accounting Pronouncements

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

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management does not expect this statement to have a material impact on the Corporation's financial statements.

Statement 91, *Conduit Debt Obligations*. This statement will provide financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Management does not expect this statement to have a material impact on the Corporation's financial statements.

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

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

Statement 94, *Public-Private and Public-Public Partnerships and availability payment arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of public-private and public-public partnerships (PPP) and availability payment arrangements (APA) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Management has not yet determined the potential impact on the Corporation's financial statements.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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Note 1. Summary of Significant Accounting Policies (continued):

Recently Issued Accounting Pronouncements (continued):

Statement 96, *Subscription Based Information Arrangements (SBITA)*, The statement defines what a subscription-based information technology arrangement is and explains how to account for them. This standard was published to improve financial reporting among governmental organizations by providing uniform guidance for SBITAs. The guidance will also provide transparency in financial reporting by requiring governments to report a subscription asset and liability on their statement of net position, representing the obligations incurred and related assets received from SBITAs. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Management has not yet determined the potential impact on the Corporation's financial statements.

Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, Requirements of this statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of 1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and 2) investment information for all section 457 plans. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Corporation's financial statements.

Reporting Entity

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

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:

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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Note 1. Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

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

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

Accounting Policies and Basis of Presentation

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

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

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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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Note 1. Summary of Significant Accounting Policies (continued):

Accounting Policies and Basis of Presentation (continued):

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

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

Operating Account

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

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

- (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.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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Note 1. Summary of Significant Accounting Policies (continued):

Operating Account (continued):

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

Debt Service Account

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

Debt Service payments for 2021 included \$9,965,000 for principal and \$24,635,691 for interest. 2020 included \$11,995,000 for principal and \$25,135,337 for interest. The funds to pay down the debt service were provided from debt service accounts within the Construction Fund for 2021 and 2020.

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 \$17,873,000 for Senior Lien Bonds and \$11,291,000 for Subordinate Bonds.

The Reserve Fund Requirement, as established under the terms of the Marine Terminal Bond Resolution dated November 8, 2007, is the highest amount of aggregate debt service payable in any succeeding year, which amount is \$34,515,358.

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

SOUTH JERSEY PORT CORPORATION
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FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

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

Maintenance Reserve Account (continued):

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 2021 and 2020 of \$-0- and \$-0- respectively.

Property Reserve Account

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

Tax Reserve Account

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

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

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

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

During both 2021 and 2020 the State of New Jersey paid to the Corporation \$4,000,000 for Camden City, \$419,000 for Camden County, \$500,000 for Paulsboro Township, \$150,000 for Gloucester County, \$31,224 for Salem City to provide sufficient funds for tax payments.

General Reserve Account

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

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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Note 1. Summary of Significant Accounting Policies (continued):

General Reserve Account (continued):

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

Construction Account

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

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

With certain exceptions, existing arbitrage laws require a rebate to the federal government of all earnings on the investment of the proceeds of tax-exempt obligations, issued after September 1, 1986, in excess of the yield on such obligations and any income earned on such excess. A portion of past or future interest earnings may be subject to federal rebate. An arbitrage calculation analysis has been performed through December 6, 2021 for such required tax-exempt obligations and it has been determined that no liability is due to the federal government at this time.

Note 2. Cash & Cash Equivalents

The Corporation is governed by the deposit and investment limitations of New Jersey state law. The Deposits and Investments held at December 31, 2021 and 2020 are as follows:

Type	2021 Carrying Value	2020 Carrying Value
Deposits:		
Demand Deposits	<u>\$ 83,941,507</u>	<u>\$118,228,894</u>
Total Deposits	<u>\$ 83,941,507</u>	<u>\$118,228,894</u>

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 2. Cash & Cash Equivalents (continued):

Reconciliation of Statement of Net Position:

Current:

Unrestricted Assets:

Cash & Cash Equivalents	\$ 8,366,588	\$ 9,482,288
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Restricted Assets:

Cash & Cash Equivalents	<u>75,574,919</u>	<u>108,746,606</u>
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Total	<u>\$ 83,941,507</u>	<u>\$118,228,894</u>
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Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. The Corporation does not have a deposit policy for custodial credit risk. As of December 31, 2021 and 2020, the Corporation's bank balance of \$83,995,653 and \$118,508,467 respectively, was insured or collateralized as follows:

	<u>2021</u>	<u>2020</u>
Insured	\$ 801,217	\$ 1,000,000
Collateralized in the Corporation's Name Under GUDPA (See Note 3)	83,140,290	117,106,296
Collateralized not in the Corporation's Name (New Jersey Cash Management Fund)	<u>-</u>	<u>402,171</u>
Total	<u>\$ 83,941,507</u>	<u>\$118,508,467</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, 2021 and 2020, are provided in the above schedule.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 3. Investments (continued):

C. Investment Credit Risk

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

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

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 3. Investments (continued):

C. Investment Credit Risk (continued):

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

As of December 31, 2021 and 2020, the Corporation had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	<u>2021 Fair Value</u>
US Treasury Notes	6/30/22	Aaa	<u>\$ 5,970,770</u>
Total			<u>\$ 5,970,770</u>

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

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 4. Governmental Unit Deposit Protection Act (GUDPA)

The Corporation deposited cash in 2021 and 2020 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act.

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

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

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.

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

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

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

Note 5. Property, Plant & Equipment

The following is a summary of property, plant and equipment at cost, less accumulated depreciation and amortization for the years ended December 31, 2020 and 2019:

<u>Description</u>	<u>Balance December 31, 2020</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Reclass</u>	<u>Balance December 31, 2021</u>
Land	\$ 19,177,117	1,506,293			\$ 20,683,410
Construction in Progress	156,749,143	34,956,870		(2,481,798)	189,224,215
<u>Capital Assets Being Depreciated:</u>					
Building & Improvements	\$ 57,204,294	500,658		305,149	\$ 58,010,101
Land Improvements	285,069,264	20,948	(474,860)	1,574,742	286,190,094
Equipment	28,125,034	566,816	(3,000)	601,907	29,290,757
Engineering & Other	11,636,673				11,636,673
Financing Costs	9,159,938				9,159,938
Total Assets Being Depreciated	391,195,203	1,088,422	(477,860)	2,481,798	394,287,563
<u>Less: Accumulated Depreciation:</u>					
Building & Improvements	\$ 25,670,812	1,281,930			\$ 26,952,742
Land Improvements	84,429,836	5,999,289	4,814		90,424,311
Equipment	19,856,989	895,804	3,000		20,749,793
Engineering & Other	7,958,909	1,013,206			8,972,115
Financing Costs	8,715,529	57,036			8,772,565
Total Accumulated Depreciation	146,632,075	9,247,265	7,814		155,871,526
Net Assets Being Depreciated	244,563,128	(8,158,843)	(470,046)	2,481,798	238,416,037
Total Capital Assets	\$ 420,489,388	28,304,320	(470,046)	-	\$448,323,662

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

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

<u>Description</u>	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance December 31, 2020</u>
Land	\$ 19,177,117				\$ 19,177,117
Construction in Progress	120,345,742	37,470,068		(1,066,667)	156,749,143
<u>Capital Assets Being Depreciated:</u>					
Building & Improvements	\$ 56,957,178			247,116	\$ 57,204,294
Land Improvements	284,403,532	57,645		608,087	285,069,264
Equipment	27,060,179	883,937	30,546	211,464	28,125,034
Engineering & Other	11,636,673				11,636,673
Financing Costs	9,159,938				9,159,938
Total Assets Being Depreciated	389,217,500	941,582	30,546	1,066,667	391,195,203
<u>Less: Accumulated Depreciation:</u>					
Building & Improvements	\$ 24,408,497	1,262,315			\$ 25,670,812
Land Improvements	78,385,090	6,044,746			84,429,836
Equipment	18,966,334	917,800	27,145		19,856,989
Engineering & Other	6,931,034	1,027,875			7,958,909
Financing Costs	8,614,852	100,677			8,715,529
Total Accumulated Depreciation	137,305,807	9,353,413	27,145		146,632,075
Net Assets Being Depreciated	251,911,693	(8,411,831)	3,401	1,066,667	244,563,128
Total Capital Assets	\$ 391,434,552	29,058,237	3,401	-	\$ 420,489,388

Note 6. Pension Plan

Description of System and Vesting

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

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 6. Pension Plan (continued):

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, 2021 the Corporation reported a liability of \$9,621,245 for its proportionate share of the net pension liability as measured as of June 30, 2021, 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 \$951,133 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, 2021, the Corporation's proportion was .0812159357% which increased slightly by .00962% from its proportion measured as of June 30, 2020.

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

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 6. Pension Plan (continued):

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, 2021 and 2020, the Corporation recognized pension expense (benefit) of (\$938,376) and \$556,298 respectively. At December 31, 2020 and 2019, the Corporation reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>December 31, 2021</u>		<u>December 31, 2020</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	\$ 151,739	68,877	\$ 212,595	41,290
Changes of Assumptions	50,107	3,425,226	378,772	4,888,721
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,534,489	399,084	
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,738,835	1,158,705	508,974	1,651,096
Authority Contributions Subsequent to The Measurement Date	-	-	-	-
	<u>\$1,940,681</u>	<u>\$7,187,297</u>	<u>\$1,499,425</u>	<u>\$6,581,107</u>

\$1,940,681 and \$1,499,425 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, 2021 and 2020. 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, 2021 AND 2020

Note 6. Pension Plan (continued):

Year Ended November 30,		Year Ended November 30,	
2022	\$(2,270,195)	2021	\$ (975,523)
2023	(1,620,914)	2022	(975,523)
2024	(1,105,187)	2023	(975,523)
2025	(830,772)	2024	(975,523)
2026	323	2025	(975,523)
Thereafter	<u>-</u>	Thereafter	<u>(204,067)</u>
Total	<u>\$(5,081,682)</u>	Total	<u>\$(5,081,682)</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 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016, respectively.

Additional Information

Collective balances at November 30, 2021 and 2020 as follows:

	2021	2020
Collective deferred outflows of resources	\$ 1,940,681	\$ 1,499,425
Collective deferred inflows of resources	7,187,297	6,581,107
Collective net pension liability	11,675,687	11,675,687
District's Proportion	.08125159357%	.0715975422%

Actuarial Assumptions

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

<u>2021</u>		<u>2020</u>	
Inflation Rate		Inflation Rate	
Price	2.75%	Price	2.75%
Wage	3.25%	Wage	3.25%
Salary Increases:	2.00 – 6.00%	Salary Increases:	2.00 – 6.00%
Through 2026	Based on Years of Service	Through 2026	Based on Years of Service

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 6. Pension Plan (continued):

Thereafter	3.00 – 7.00% Based on Years of Service	Thereafter	3.00 – 7.00% Based on Years of Service
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The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) 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, 2021 and 2020 are summarized in the following tables:

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2021</u>		<u>Measurement Date</u> <u>June 30, 2020</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%	3.35%	3.00%	4.00%
Cash Equivalents	4.00%	0.50%	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%	5.00%	1.94%
Investment Grade Credit	8.00%	1.68%	8.00%	2.67%
High Yield	2.00%	3.75%	2.00%	5.95%
Private Credit	8.00%	7.60%	8.00%	7.59%
Real Assets	3.00%	7.40%	3.00%	9.73%
Real Estate	8.00%	9.15%	8.00%	9.56%
U.S. Equity	27.00%	8.09%	27.00%	7.71%
Non-US Developed Mkt Equity	13.50%	8.71%	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%	5.50%	10.23%
Private Equity	13.00%	11.30%	13.00%	11.42%
	<u>100.00%</u>		<u>100.00%</u>	

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 6. Pension Plan (continued):

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020 and 2019. 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 through 2057 and the municipal bond rate was applied to all 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, 2021 and 2020, 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:

2021			
	<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	\$ 13,102,185	\$ 9,621,245	\$ 6,667,174
2020			
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
Corporation's Proportionate Share of Net Pension Liability	\$ 14,697,742	\$ 11,675,687	\$ 9,111,391

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, 2021 and 2020 was \$951,133 and \$783,241 respectively.

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 6. Pension Plan (continued):

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

Early Retirement Incentive Plan

In 2003 the State of New Jersey signed into Law the State Early Retirement Incentive (ERI) program as Chapter 23, PL. 2002. The ERI has a provision that allows optional participation in the program by certain State Autonomous Authorities. Participation is optional, as these organizations will have to bear the cost of the incentives provided to their employees who retire. The Board of Directors of the South Jersey Port Corporation adopted a resolution to allow its eligible employees to participate in the ERI program. In 2002 four employees elected to participate in the ERI. In 2003 an additional four employees elected to participate in the ERI. The liability to the Corporation is \$1,143,733 as of December 31, 2021.

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 2021 and 2020 for \$115,154 and \$110,725 respectively, which included principal and interest.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 25,402	94,358	\$ 119,760
2023	32,288	92,262	124,550
2024	39,933	89,599	129,532
2025	48,409	86,304	134,713
2026	57,792	82,310	140,102
2027	68,164	77,542	145,706
2028	79,615	71,919	151,534
2029	92,244	65,351	157,595
2030	106,158	57,741	163,899
2031	121,472	48,983	170,455
2032	138,312	38,961	177,273
2033	156,814	27,550	184,364
2034	<u>177,130</u>	<u>14,613</u>	<u>191,743</u>
Total	<u>\$1,143,733</u>	<u>\$ 847,493</u>	<u>\$1,991,226</u>

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 7. Long-Term Debt

The following is a summary of long-term debt at December 31, 2021:

Issue	Initial Date of Issue	Date of Final Maturity	Interest Rates	Original Issue Amount	Principal Balance Outstanding
Series 2009 P Marine Terminal Revenue Bonds	12/30/09	01/01/40	2.995% 7.365%	157,880,000	124,330,000
Series 2012 Q Marine Terminal Refunding Bonds	10/17/12	01/01/33	3.000% 3.250%	60,060,000	28,720,000
Series 2012 R Marine Terminal Refunding Bonds	10/17/12	01/01/24	4.000%	16,050,000	4,170,000
Series 2016 S Marine Terminal Refunding Bonds	09/29/16	01/01/39	5.125% 5.875%	40,320,000	34,925,000
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>231,140,000</u>
Total					\$447,145,000
Add: Unamortized Bond Premium					19,403,798
Less: Current Maturities Included in Current Liabilities					<u>10,350,000</u>
Balance					<u>\$456,198,798</u>

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

Year	Principal	Interest	Total
2022	\$ 10,350,000	24,163,377	\$ 34,513,377
2023	10,835,000	23,680,358	34,515,358
2024	11,090,000	23,129,212	34,219,212
2025	11,740,000	22,502,585	34,242,585
2026	12,255,000	21,842,303	34,097,303
2027-2031	69,650,000	98,160,881	167,810,881
2032-2036	84,525,000	76,398,720	160,923,720

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 7. Long-Term Debt (continued):

Year	Principal	Interest	Total
2037-2041	94,525,000	48,562,394	143,087,394
2042-2046	82,275,000	25,660,375	107,935,375
2047-2049	<u>59,900,000</u>	<u>4,590,000</u>	<u>64,490,000</u>
Total	<u>\$447,145,000</u>	<u>368,690,205</u>	<u>\$815,835,205</u>

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

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

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

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

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

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 7. Long-Term Debt (continued):

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

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

Issue Year	.....SERIES P-2.....		....SERIES P-3.....		SERIES "P" Total Principal
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	
2022	\$4,115,000	5.750	-		\$ 4,115,000
2023	4,350,000	5.750	-		4,350,000
2024	1,055,000	5.750	-		1,055,000
2025	-		-		-
2026	-		-		-
2027	-		-		-
2028	-		-		-
2029	-		29,985,000	7.065	29,985,000
2030	-		-		-
2031	-		-		-
2032	-		-		-
2033	-		-		-
2034	-		-		-
2035	-		-		-
2036	-		-		-
2037	-		-		-
2038	-		-		-
2039	-		-		-
2040	-		84,825,000	7.365	84,825,000
Total	<u>\$ 9,520,000</u>		<u>114,810,000</u>		<u>\$124,330,000</u>

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

SOUTH JERSEY PORT CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020**

Note 7. Long-Term Debt (continued):

Issue Year	.....SERIES Q.....		.....SERIES R.....		
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	
2025	\$2,050,000	3.00	-		
2026	2,100,000	3.00	-		
2027	2,175,000	3.00	-		
2028	2,245,000	3.00	-		
2029	2,355,000	3.00	-		
2030	2,475,000	3.00	-		
2031	2,600,000	3.13	-		
2032	2,715,000	3.13	-		
2033	2,855,000	3.25	-		
2034	-		-		
2035	-		-		
2036	-		-		
2037	-		-		
2038	-		-		
2039	-		-		
2040	-		-		
Total	<u>\$28,720,000</u>		<u>\$ 4,170,000</u>		

Issue Year	.....SERIES S-1.....		.....SERIES S-2.....		Series S Total Principal
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	
2022	\$ -		1,585,000	5.00	\$ 1,585,000
2023			1,665,000	5.00	1,665,000
2024			1,750,000	5.00	1,750,000
2025	1,840,000	5.00	-		1,840,000
2026	1,930,000	5.00	-		1,930,000
2027	2,030,000	5.00	-		2,030,000
2028	2,130,000	5.00	-		2,130,000
2029	2,230,000	5.00	-		2,230,000
2030	2,360,000	5.00	-		2,360,000
2031	1,670,000	5.00	-		1,670,000
2032	1,755,000	3.50	-		1,755,000
2033	1,820,000	5.00	-		1,820,000
2034	1,915,000	5.00	-		1,915,000
2035	2,005,000	5.00	-		2,005,000
2036	2,100,000	3.75	-		2,100,000
2037	2,185,000	5.00	-		2,185,000

SOUTH JERSEY PORT CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020**

Note 7. Long-Term Debt (continued):

Issue Year	.....SERIES S-1.....		.....SERIES S-2.....		Series S
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	Total Principal
2038	\$ 2,285,000	5.00	-		\$ 2,285,000
2039	<u>1,670,000</u>	5.00	<u>-</u>		<u>1,670,000</u>
Total	<u>\$29,925,000</u>		<u>5,000,000</u>		<u>\$34,925,000</u>

Issue Year	.....SERIES A.....		.....SERIES B.....		Grand Total
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	Total Principal
2022	\$ -		-		\$ 10,350,000
2023	-		-		10,835,000
2024	-		2,890,000	5.00	11,090,000
2025	-		3,025,000	5.00	11,740,000
2026	-		3,180,000	5.00	12,255,000
2027	-		3,340,000	5.00	12,820,000
2028	-		3,505,000	5.00	13,400,000
2029	-		3,680,000	5.00	14,040,000
2030	-		3,865,000	5.00	14,740,000
2031	-		4,055,000	5.00	14,650,000
2032	-		4,260,000	5.00	15,360,000
2033	-		4,470,000	5.00	16,090,000
2034	-		7,660,000	5.00	16,855,000
2035	-		8,045,000	5.00	17,680,000
2036	-		8,445,000	5.00	18,540,000
2037	-		8,870,000	5.00	19,430,000
2038	-		9,310,000	5.00	20,370,000
2039	-		9,780,000	5.00	20,645,000
2040	-		10,265,000	5.00	19,900,000
2041	-		14,180,000	5.00	14,180,000
2042	-		14,890,000	5.00	14,890,000
2043	-		15,635,000	5.00	15,635,000
2044	-		16,415,000	5.00	16,415,000
2045	-		17,235,000	5.00	17,235,000
2046	-		18,100,000	5.00	18,100,000
2047	-		19,000,000	5.00	19,000,000
2048	2,910,000	5.00	17,040,000	5.00	19,950,000
2049	<u>20,950,000</u>	5.00	<u>-</u>		<u>20,950,000</u>
Total	<u>\$23,860,000</u>		<u>\$231,140,000</u>		<u>\$447,145,000</u>

SOUTH JERSEY PORT CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020**

Note 7. Long-Term Debt (continued):

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

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

SOUTH JERSEY PORT CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020**

Note 7. Long-Term Debt (continued):

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

Series 2017A – Bonds Maturing January 1, 2049

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

Series 2017B – Bonds Maturing January 1, 2048

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

Series P-3 – Bonds Maturing January 1, 2029

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

Series P-3 - Bonds Maturing January 1, 2040

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

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

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
2022	\$ 2,928,031
2023	2,928,030
2024	2,884,201
2025	2,780,716
2026	2,658,686
2027-2031	11,244,783
2032-2036	7,076,310
2037-2040	<u>1,909,082</u>
Total	<u>\$34,409,839</u>

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 7. Long-Term Debt (continued):

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

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

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

The following is a summary of all long-term debt of the Corporation as of December 31, 2021 and 2020:

	Balance December 31, 2020	Issued	Retired	Balance December 31, 2021	Due Within One Year
<u>Restricted:</u>					
Bond Payable	\$457,110,000		(9,965,000)	447,145,000	10,350,000
Capital Lease	2,841,714	339,153	(388,571)	2,792,296	2,120,806
Total	<u>\$459,951,714</u>	339,153	<u>(10,353,570)</u>	<u>\$449,937,296</u>	<u>12,470,806</u>
				19,403,798	
				<u>12,470,806</u>	
				<u>\$456,870,288</u>	

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 7. Long-Term Debt (continued):

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

Note 8. Leases Obligations

At December 31, 2021, the Corporation had lease agreements in effect for the following:

Operating Lease:

Mailing Machine and seven (7) Copiers

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

Year	Amount
2022	\$ 35,448
2023	35,448
2024	31,398
2025	<u>5,008</u>
Total minimum Lease Payments	<u><u>\$107,302</u></u>

Rental payments under operating leases for the year 2021 and 2020 were \$35,448 and \$30,440 respectively.

Capital Leases:

Eight (8) Forklifts, Railcar, Wheel Loader and a Tractor Loader Backhoe

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

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FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Capital Leases (continued):

Year	Amount
2022	\$ 250,846
2023	176,928
2024	176,928
2025	176,928
2026	<u>87,940</u>
Total Minimum Lease Payments	859,570
Less: Amount Representing Interest	<u>77,274</u>
Present Value of Net Minimum Lease Payments	<u>\$ 792,296</u>

Lease payments under Capital leases for the years 2021 and 2020 were \$410,492 and \$368,011 respectively.

Note 9. Economic Dependency

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

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

Note 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.

Note 11. PILOT Payments

City of Camden PILOT Payments – The Corporation entered into a 2020 payment in lieu of tax agreement with the City of Camden requiring the Corporation to make payment of four million dollars (\$4,000,000). The City's fiscal year for 2021 began in July 1, 2020 and ended June 30, 2021. Pursuant to the 2021 "PILOT" agreement, the Corporation is not required to make the 2020 "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
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Note 11. PILOT Payments (continued):

County of Camden PILOT Payments - The Corporation has entered into a 2021 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 2021. An appropriation of \$419,000 will be required from the State to make payment to the 2022 County of Camden "PILOT Tax Agreement".

City of Salem PILOT Payments – The Corporation has entered into a 2021 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 2021. An appropriation of \$31,225 will be required from the State to make payment to the 2022 City of Salem "PILOT Tax Agreement".

Borough of Paulsboro PILOT Payments – The Corporation has entered into a 2021 payment in lieu of tax agreement with the Borough requiring the Corporation to make annual payments of five hundred thousand (\$500,000) in the calendar year 2021. An appropriation of \$500,000 will be required from the State to make payment to the 2022 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 2021 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 2022 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.

The Corporation's construction in progress consists of the following: Skylight Renovations for Bonds Series O-3 in the amount of \$518,636 and Paulsboro Marine Terminal Project for Bond Series 2017 B in

SOUTH JERSEY PORT CORPORATION
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Note 12. Capital Projects and Funding Sources (continued):

the amount of \$184,364,528 and cranes for Series 2017 A in the amount of \$1,076,096. There are a variety of projects occurring at the Camden terminals. The total for the Broadway Terminal amounts to \$2,242,089 and the amount for the Salem Terminal and Balzano Marine Terminal is \$45,660 and \$977,207, respectively. Total construction in progress amounted to \$189,224,216.

Note 13. Port of Salem

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

Note 14. Paulsboro Marine Terminal Project and Financing

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

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

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

The South Jersey Port Corporation has completed Phase I of the development of a new marine terminal in Gloucester County, New Jersey. In conjunction with the Gloucester County Improvement Authority (GCIA), the Port is redeveloping the former 130-acre British Petroleum (BP) Oil Terminal and an adjacent 60-acre former Essex Industrial Chemicals, Inc. (Essex) into a new, deep-water marine terminal with associated processing, distribution, assembly and intermodal operations that will be known as the Paulsboro Marine Terminal project. This project is being funded by SJPC marine terminal revenue bonds.

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

Direct vehicular and truck access from Interstate 295 to the terminal will be provided via a new two-lane, public access road and bridge structure constructed over Mantua Creek. The access road and bridge projects are being funded by a grant agreement between the NJ Department of Transportation, Gloucester County and the GCIA.

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

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

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

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

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

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

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

SOUTH JERSEY PORT CORPORATION
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Note 14. Paulsboro Marine Terminal Project and Financing (continued):

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.

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 \$1,348,580 as of December 31, 2021 and \$1,355,329 as of December 31, 2020.

Note 16. Post-Retirement Benefits

State Health Benefits Plan Description

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

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

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

Funding Policy

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

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

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

General Information About the OPEB Plan

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

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

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

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2020 were \$5,512,481,278 and \$12,598,993,950, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and non-employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and non-employer may result in immaterial differences.

Net OPEB Liability

Components of Net OPEB Liability

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

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

The total OPEB liability as of December 31, 2020 was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>2020</u>	<u>2019</u>
Inflation Rate	2.50%	2.50%
Salary Increases*:		
Through 2026	2.00% to 6.00%	1.65% to 8.98%
Thereafter	3.00% to 7.00%	2.65% to 9.98%

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 16. Post-Retirement Benefits (continued):

Net OPEB Liability (continued):

Mortality:

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

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

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

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PERS experience studies prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2020 and 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

SOUTH JERSEY PORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 16. Post-Retirement Benefits (continued):

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

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

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

The following presents the net OPEB liability as of June 30, 2020 and 2019, respectively, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

The amounts reported as a deferred outflow of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for December 31, 2020 and 2019 respectively as follows:

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

Note 16. Post-Retirement Benefits (continued):

Year ended December 31, :		Year ended December 31, :	
2021	\$ (2,572,599)	2020	\$ (1,747,118)
2022	\$ (891,290)	2021	(1,747,118)
2023	\$ (2,539,593)	2022	(1,747,118)
2024	\$ (2,144,285)	2023	(1,747,118)
2025	\$ (86,769)	2024	(1,747,118)
Thereafter	<u>2,051,659</u>	Thereafter	<u>(5,336,381)</u>
Total	<u>\$ (6,182,877)</u>	Total	<u>\$ (14,071,971)</u>

Note 17. Arbitrage Rebate Calculation

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

This Arbitrage calculation has been performed through December 6, 2021 and the Corporation is in material compliance with the arbitrage rebate requirements.

Note 18. Subsequent Events

The South Jersey Port Corporation has evaluated subsequent events occurring after December 31, 2021 through the date of **DATE**, which is the date the financial statements were available to be issued.

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SOUTH JERSEY PORT CORPORATION
COMPARATIVE SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Revenues:						
Marine Direct:						
Leases - Marine Direct	\$7,157,669	7,157,669	6,974,766	\$7,017,323	7,017,323	6,959,065
Crane Rental	1,113,928	1,113,928	1,842,918	1,092,086	1,092,086	1,640,115
Dockage	2,325,247	2,325,247	4,179,787	2,279,654	2,279,654	2,549,411
Handling	5,319,446	5,319,446	4,735,655	5,215,143	5,215,143	3,431,218
Storage	1,912,757	1,912,757	1,285,518	1,875,252	1,875,252	2,009,049
Wharfage	3,596,429	3,596,429	4,329,912	3,525,910	3,525,910	3,289,236
Demurrage	5,797	5,797		5,684	5,684	
Total Marine Direct	21,431,273	21,431,273	23,348,556	21,011,052	21,011,052	19,878,094
Marine Related:						
Leases - Industrial	592,095	592,095	650,712	580,485	580,485	616,034
Utilities	748,024	748,024	600,353	733,357	733,357	1,064,220
Port of Salem Revenue	139,140	139,140	119,289	136,412	136,412	102,460
Miscellaneous	487,471	487,471	958,682	477,913	477,913	750,588
Total Marine Related	1,966,730	1,966,730	2,329,036	1,928,167	1,928,167	2,533,302
Other Income:						
Income on Investments	149,050	149,050	61,389	146,128	146,128	78,660
Miscellaneous	167,042	167,042	164,263	163,767	163,767	26,750
Total Other Income	316,092	316,092	225,652	309,895	309,895	105,410
Grant Revenue			670,143			959,245
Total Revenues	\$23,714,095	23,714,095	26,573,387	\$23,249,114	23,249,114	23,476,051
Operating Expenses:						
Port Operations:						
Labor Expense:						
Labor Crane	301,268	301,268	311,859	295,361	295,361	291,314
Labor Handling	1,691,856	1,691,856	2,328,862	1,658,683	1,658,683	1,798,314
Labor Repairs & Maintenance	1,116,256	1,116,256	855,980	1,094,369	1,094,369	804,609
Security	772,644	772,644	964,777	757,494	757,494	927,169
Supervisors	634,334	634,334	707,288	621,896	621,896	688,227
Total Labor Expense	4,516,358	4,516,358	5,168,766	4,427,803	4,427,803	4,509,633
Payroll Taxes	501,369	501,369	483,558	491,538	491,538	434,296
Workers Compensation Insurance	475,358	475,358	395,003	466,037	466,037	520,535
Employee Benefits:						
Hospitalization	2,026,493	2,026,493	1,533,446	1,986,758	1,986,758	847,734
Vacation, Holiday, Sick, Pension	506,774	506,774	1,129,574	496,837	496,837	1,020,981
Miscellaneous Employer Expenses	41,569	41,569	59,462	40,753	40,753	45,362
Total Employee Benefits	3,551,563	3,551,563	3,601,043	3,481,923	3,481,923	2,868,908
Crane Rental - Gas & Oil	103,467	103,467	294,930	101,438	101,438	170,711

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
Handling:						
Gas & Oil	250,375	250,375	15,983	245,466	245,466	22,483
Miscellaneous	79,255	79,255	31,811	77,702	77,702	23,732
Trucking Expenses	58,772	58,772	19,123	57,619	57,619	10,696
Clerking & Checking	1,968,445	1,968,445	2,708,875	1,929,848	1,929,848	1,750,984
Total Handling	2,356,847	2,356,847	2,775,792	2,310,635	2,310,635	1,807,895
Rental of Equipment	35,565	35,565	55,000	34,868	34,868	103,125
Trash Removal	140,770	140,770	355,860	138,010	138,010	166,679
Security:						
Contracted Services	26,186	26,186	61,599	25,673	25,673	76,711
Other Expenses	23,111	23,111		22,658	22,658	
Total Security	49,297	49,297	61,599	48,331	48,331	76,711
Port of Salem Operations	64,038	64,038	63,179	62,782	62,782	62,265
Utilities	1,580,750	1,580,750	1,371,653	1,549,755	1,549,755	1,885,391
Total Port Operations	12,398,655	12,398,655	13,747,822	12,155,545	12,155,545	11,651,318
Repairs & Maintenance:						
Buildings & Grounds:						
Contracted	289,821	289,821	247,613	284,138	284,138	309,899
Fees & Permits	23,100	23,100	27,125	22,647	22,647	22,870
Materials	346,591	346,591	157,817	339,796	339,796	164,806
Total Buildings & Grounds	659,512	659,512	432,555	646,581	646,581	497,575
Cranes:						
Contracted	120,896	120,896	108,025	118,525	118,525	92,054
Materials	135,026	135,026	44,749	132,379	132,379	12,622
Total Cranes	255,922	255,922	152,774	250,904	250,904	104,676
Mobile Machinery & Equipment:						
Contracted	42,456	42,456	178,600	41,623	41,623	133,963
Equipment	35,805	35,805	14,805	35,103	35,103	20,814
Materials	234,059	234,059	760,351	229,470	229,470	583,849
Small Tools	22,148	22,148	129,177	21,714	21,714	113,996
Total Mobile Machinery & Equipment	334,468	334,468	1,082,933	327,910	327,910	852,622
Total Repairs & Maintenance	1,249,902	1,249,902	1,668,262	1,225,395	1,225,395	1,454,873

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
General & Administrative:						
Labor - Office Clerical & Related	938,668	938,668	867,732	920,263	920,263	910,811
Labor - Administrative	1,033,924	1,033,924	758,471	1,013,651	1,013,651	689,634
Payroll Taxes	198,021	198,021	158,150	194,138	194,138	151,677
Workmen's Compensation	4,770	4,770	6,000	4,677	4,677	6,000
Employee Benefits:						
Hospitalization	910,454	910,454	835,076	892,602	892,602	789,112
Pension	707,018	707,018	766,898	693,154	693,154	486,993
Insurance	1,788,112	1,788,112	1,698,199	1,753,051	1,753,051	1,213,904
Professional Fees	781,734	781,734	1,449,412	766,405	766,405	1,539,439
Miscellaneous	861,052	861,052	695,248	844,170	844,170	738,959
Telephone	52,498	52,498	102,984	51,469	51,469	88,122
Utilities	33,785	33,785	32,400	33,122	33,122	30,000
Bad Debt	64,946	64,946	36,000	63,672	63,672	36,000
Total General & Administrative	7,374,982	7,374,982	7,406,570	7,230,374	7,230,374	6,680,651
Grant Expenses			670,143			959,245
Total Operating Expenses	21,023,539	21,023,539	23,492,797	20,611,314	20,611,314	20,746,087
Operating Income Before Other Operating Expenses	\$2,690,556	2,690,556	3,080,590	\$2,637,800	2,637,800	2,729,964
Adjustments to Reconcile Excess Revenues Over Expenditures to GAAP Basis for Change in Net Position:						
Increased by:						
Pension Benefit - GASB 68			1,989,508			
Subtotal			5,070,098			
Decreased by:						
Depreciation			9,197,955			9,310,667
Operating Income/After Other Operating Expenses			(4,127,857)			(6,580,703)

SUPPLEMENTARY SCHEDULES

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2021

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE	ISSUED	DECREASED	BALANCE DECEMBER 31, 2021
	DATE	AMOUNT		DATE	AMOUNT	DECEMBER 31, 2020			
Marine Terminal Bonds, Series 2009 P	12/30/09	\$ 157,880,000	5.750%	2022	4,115,000				
			5.750%	2023	4,350,000				
			Variable	2024	4,600,000				
			7.065%	2025	4,825,000				
			7.065%	2026	5,045,000				
			7.065%	2027	5,275,000				
			7.065%	2028	5,520,000				
			7.065%	2029	5,775,000				
			7.365%	2030	6,040,000				
			7.365%	2031	6,325,000				
			7.365%	2032	6,630,000				
			7.365%	2033	6,945,000				
			7.365%	2034	7,280,000				
			7.365%	2035	7,630,000				
			7.365%	2036	7,995,000				
			7.365%	2037	8,375,000				
			7.365%	2038	8,775,000				
			7.365%	2039	9,195,000				
			7.365%	2040	9,635,000				
					<u>124,330,000</u>	<u>\$ 128,285,000</u>		3,955,000	\$ 124,330,000
Marine Terminal Bonds, Series 2012 Q	10/17/12	60,060,000	3.00%	2022	3,050,000				
			3.00%	2023	3,150,000				
			3.00%	2024	950,000				
			3.00%	2025	2,050,000				
			3.00%	2026	2,100,000				
			3.00%	2027	2,175,000				
			3.00%	2028	2,245,000				
			3.00%	2029	2,355,000				
			3.00%	2030	2,475,000				
			3.13%	2031	2,600,000				

**SOUTH JERSEY PORT CORPORATION
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2021**

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE DECEMBER 31, 2020	ISSUED	DECREASED	BALANCE DECEMBER 31, 2021
	DATE	AMOUNT		DATE	AMOUNT				
Marine Terminal Bonds, Series 2012 Q (cont'd)	10/17/12	60,060,000	3.13%	2032	2,715,000				
			3.25%	2033	2,855,000				
					<u>28,720,000</u>	\$ 31,670,000		2,950,000	\$ 28,720,000
Marine Terminal Bonds, Series 2012 R	10/17/12	16,050,000	4.00%	2022	1,600,000				
			4.00%	2023	1,670,000				
			4.00%	2024	900,000				
Marine Terminal Bonds, Series 2016 S					<u>4,170,000</u>	5,720,000		1,550,000	4,170,000
	09/29/16	40,320,000	5.00%	2022	1,585,000				
			5.00%	2023	1,665,000				
			5.00%	2024	1,750,000				
			5.00%	2025	1,840,000				
			5.00%	2026	1,930,000				
			5.00%	2027	2,030,000				
			5.00%	2028	2,130,000				
			5.00%	2029	2,230,000				
			5.00%	2030	2,360,000				
			5.00%	2031	1,670,000				
			3.50%	2032	1,755,000				
			5.00%	2033	1,820,000				
			5.00%	2034	1,915,000				
			5.00%	2035	2,005,000				
			3.75%	2036	2,100,000				
			5.00%	2037	2,185,000				
			5.00%	2038	2,285,000				
			5.00%	2039	1,670,000				
					<u>34,925,000</u>	\$ 36,435,000		1,510,000	\$ 34,925,000

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2021

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE DECEMBER 31, 2020	ISSUED	DECREASED	BALANCE DECEMBER 31, 2021
	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%	2024	2,890,000				
			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>231,140,000</u>				231,140,000			231,140,000
Total						\$ 457,110,000	-	<u><u>9,965,000</u></u>	\$ 447,145,000
Add: Unamortized Premium						20,341,778			19,403,798
Less: Due Within One Year						9,965,000			<u>10,350,000</u>
Balance						<u>\$ 467,486,778</u>			<u>\$ 456,198,798</u>