



**SOUTH JERSEY  
PORT CORPORATION**

**2022**

**ANNUAL REPORT**



# A MESSAGE FROM OUR LEADERSHIP

We are delighted to present the 2022 Annual Report for the South Jersey Port Corporation. This past year has been a testament to our commitment to excellence, innovation, and sustainable growth. As we reflect on our achievements and challenges, we are reminded of the strength and resilience that defines our organization and the dynamic maritime industry.

The year 2022 brought its fair share of challenges, from global supply chain disruptions to evolving regulatory landscapes. Yet, we stood strong, adapting our strategies to ensure operational continuity. Our ability to swiftly respond to these challenges is a testament to the dedication and expertise of our team, as well as the enduring partnerships we share with our valued stakeholders.

Amidst the challenges, 2022 marked a year of significant milestones for the South Jersey Port Corporation. We successfully launched several initiatives to enhance efficiency, sustainability, and technological innovation across our operations. Key accomplishments include:

- **Green Port Initiatives:** We continued our commitment to environmental stewardship by implementing innovative sustainability practices across our facilities. The introduction of eco-friendly technologies reduced our carbon footprint and positioned us as leaders in responsible port management.
- **Modernization Efforts:** Embracing digital transformation, we upgraded our port management systems, improving the accuracy and speed of cargo handling. This investment not only enhanced customer satisfaction but also streamlined our operations for years to come.
- **Community Engagement:** We deepened our engagement with the local community through various outreach programs, promoting economic growth and sharing the benefits of our success. This spirit of collaboration remains integral to our mission.

Our accomplishments would not have been possible without the unwavering support of our stakeholders. We extend our heartfelt gratitude to our customers, employees, regulatory partners, and the communities we serve. Your trust and collaboration inspire us to reach new heights year after year.

As we venture into 2023 and beyond, we are excited by the possibilities that lie ahead. The South Jersey Port Corporation remains committed to setting new standards of excellence in maritime operations, sustainability, and community engagement. Our strategic vision is underpinned by a dedication to adaptability, innovation, and the pursuit of shared prosperity.

We are immensely proud of what we achieved in 2022, and we eagerly anticipate the opportunities that await us. With your continued support and our resolute determination, the future of the South Jersey Port Corporation is boundless.

Thank you for being a vital part of our journey.

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



**ANDY SAPORITO**  
Executive Director and CEO



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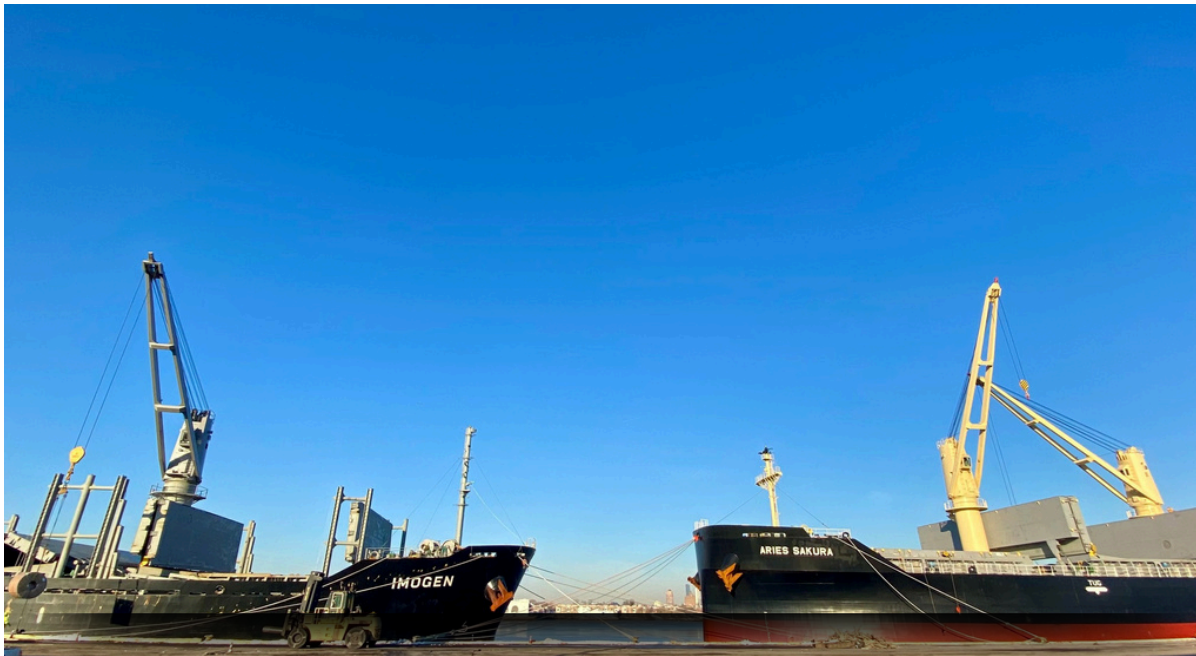


# Our Mission

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

# Our Impact

The SJPC is a pillar of the Delaware River maritime economy which is a \$77.8 billion economic engine supporting more than 190,000 jobs across three states. The SJPC and the 40+ port related businesses are among Camden's largest employers and taxpayers.

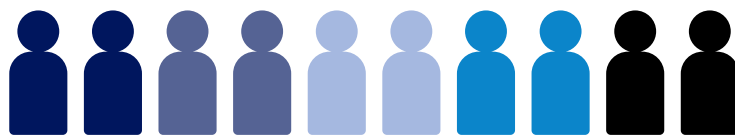


**\$77.8 Billion**  
Regional Economic Impact



**40+** Camden Port  
Related Businesses

## Job Creation



Supports 190,000+ Jobs  
Direct Employment = 124

# OUR HISTORY

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



# HISTORY

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

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

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

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

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

## Did you know?



**20 years ago...** In 2002, SJPC issued a major economic development program through a bond issue that funded the construction of Pier 1A and the purchase of the heavy lift Kocks crane.

# OUR TEAM - BOARD OF DIRECTORS



Chairman  
Richard A. Alaimo  
Burlington County



Director  
Chad M. Bruner  
Gloucester County



Director  
Christopher Chianese  
Treasurer's Designee



Director  
Robert A. DeAngelo, Sr.  
City of Paulsboro



Director  
Jonathan S. Gershen  
Mercer County



Director  
William R. Higgins  
Salem County



Director  
Joseph A. Maressa, Jr.  
Camden County



Director  
Eric E. Martins  
Mercer County



Director  
Sheila F. Roberts  
City of Camden



Director  
Elizabeth Maher Muoio  
NJ State Treasurer



Director  
Rev. Carl E. Styles  
Cumberland County

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



# OUR TEAM - EMPLOYEES

## OUR PEOPLE POWER OUR PORT TO SUCCESS

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

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

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

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



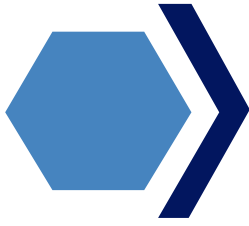


# JOSEPH A. BALZANO MARINE TERMINAL



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

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



## BROADWAY TERMINAL

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

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



## BROADWAY PIER 5

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

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



# PAULSBORO MARINE TERMINAL



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

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



# SALEM MARINE TERMINAL



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

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

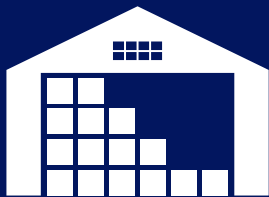
# 2022 AT A GLANCE



**5 TERMINALS**  
**3 MUNICIPALITIES**  
**24 TENANTS**

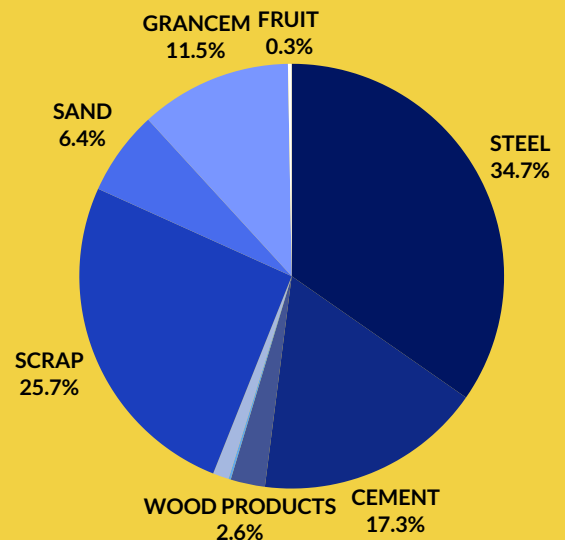
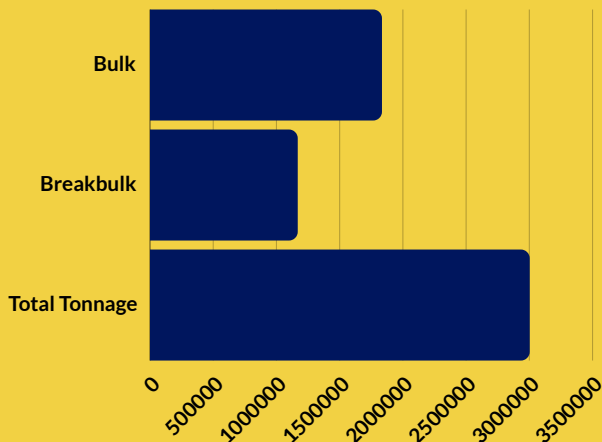


**238**  
 Ship Calls in 2022



**3,171,450**  
 Tons of Cargo passed  
 through SJPC in 2022

## Cargo Tonnage



# 2022 TENANTS

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

CAMDEN PLANT HOLDINGS

CAMDEN COUNTY DEPT. OF CORRECTIONS

CAMDEN IRON & METAL

CAMDEN YARDS STEEL

CENTRAL METALS

D & M TRANSPORTATION SERVICES

DELAWARE RIVER STEVEDORES

CAMDEN WATERFRONT DEVELOPMENT

FEDERAL WAREHOUSING & DISTRIBUTION, INC.

FULLLINE TRAILER -CHAMPION

HARRY WILSON WELDING

INDUSTRIAL COMMERCIAL

JOHN LAWRIE, INC.

JOSEPH OAT CORPORATION

LEHIGH HANSON INC.

LYONS & SONS

MID-ATLANTIC SALT

MID-ATLANTIC SHIPPING

NUTSCO

SEAMEN'S CHURCH INSTITUTE

STATE METALS

TRI-STATE BULK HANDLING, INC.

US CONCRETE

# 2022 NEWS AND HIGHLIGHTS

## CUSTOMER FOCUS: FAMILY-OWNED STEVEDORING COMPANY, TRI-STATE BULK HANDLING THRIVES AT SOUTH JERSEY PORT

Supply chain discussions are often dominated by global corporate giants, but the world's supply chain depends on thousands of local small companies like Page Lyons's Tri-State Bulk Handling to be the ball bearings that make the global trade machine run smoothly.

"America is built on small business and so is the world's supply chain," said Lyons, whose family-owned-and-run stevedoring companies have moved tens of millions of tons of bulk cargo at the South Jersey Port Corporation's marine terminals in Camden.

Lyons is a first-generation port man pro, born in the steel town of Weirton, West Virginia. Graduating in 1972 from Bethany College, he began his career as manager of bulk sales and operations at Lavino Shipping Co. At age 37, he started his own stevedoring company, Tri-State Bulk Handling, and the clients he developed at Lavino followed him to South Jersey Port's marine terminals in Camden, New Jersey, which is a national leader in bulk and breakbulk cargo.

From 1984 to 1999, Lyons handled iron ore, coal, pet coke, sand, and magnesite on lease parcels at SJPC's port terminals in Camden. He always evolved with the changing times and changing market needs. In 1999, the South Jersey Port Corporation wanted to lease Lyons' parcel to Saint Lawrence Cement (the predecessor of Lehigh Hanson). Lyons gave up his leases as part of the deal to land St. Lawrence Cement which included significant capital investments along the pier and a new crane and economic development in Camden. Saint Lawrence gave Tri-State a 10-year contract and it has been renewed by multiple owners since - a testament to the service his company provides.

To better serve his customers, he created the Broadway Conveyor Corporation and invested \$5 million to a state-of-the-art conveyor system to move the granular materials efficiently. With the exception of a one-hour "hiccup," the Lyons' team has fed the cement manufacturing plant for 23 years without shutting it down. The final loading of the barges and trucks from the silos is completely automated through an underground system to prevent dust. Additionally, Lyons' team at the Balzano Marine Terminal helps feed 100,000 tons of gypsum annually to the Georgia Pacific operations.

Lyons has a strong commitment to his operation's host city, Camden. Most of his fourteen employees are city residents. He even invested in a local restaurant. Equally important is his sensitivity to the impact of his operations on the community. "We are always working to be a good neighbor," he said.



***"Page is a fantastic partner who we, at the port, and his customers trust to get the job done. He is successful because he is customer-focused and handles cargo the way the customer wants: fast, safe, and efficient. And, by the way, he is a people person which is important in our industry where personal relationships are the coin of the realm."***

***Andy Saporito  
Executive Director and CEO, SJPC***



# 2022 NEWS AND HIGHLIGHTS

## **SOUTH JERSEY PORT CORPORATION APPOINTS CHRIS PERKS TO DIRECTOR OF ENGINEERING POSITION**

The South Jersey Port Corporation was pleased to announce the appointment of veteran engineer Chris Perks to the organization's team. Perks was appointed as the Director of Engineering to support the agency's growth strategy and continue to provide quality customer service for current and future tenants and customers. The appointment of Perks comes as the port closed on a record-breaking year for cargo handling and a flurry of capital projects, improvements, and milestones of the burgeoning offshore wind energy industry in South Jersey.

Perks has extensive experience in local public works engineering and construction markets and experience in project engineering related to design and construction of multi-disciplined large capital projects. He has previously and successfully participated in numerous capital improvement programs for a wide variety of clients, including many public and state agencies. In addition to his vast public experience, Perks was responsible for integrating and completing over sixty projects in Camden City, home to the port's headquarters and Balzano and Broadway terminal facilities.

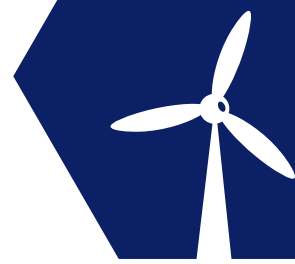
Perks will add value through his rich experience and prolific ability to direct all design, construction, and maintenance activities at the port. With a solid engineering skillset, Perks will be tasked with executing significant tenant improvements, capital projects, major operation works, and construction programs. Moreover, Perk's expertise will allow the port to rely on his capabilities of capital program management, ensuring port facilities remain in good condition and meeting and exceeding expectations for efficient operations.

## **SOUTH JERSEY PORT CORPORATION STRENGTHENS MANAGEMENT TEAM WITH NEW HIRES**

The Board of Directors of the South Jersey Port Corporation (SJPC) strengthened its management team with the recent appointments of Lisa M. McLaughlin as Treasurer and Chief Financial Officer and August E. (Gus) Knestaut as Director of Legal and Regulatory Affairs.

McLaughlin is a Certified Public Accountant with an MBA from Georgian Court College who served as Chief Financial Officer for Monmouth County Ocean Hospital Service Corporation. She has decades of experience in budgeting, finance, auditing, and billing and collections. McLaughlin lives in Seaside Park, N.J., and graduated from Rowan University with a Bachelor of Science degree. She served on the adjunct faculty of and taught Federal Income Tax Accounting at Ocean County College.

Knestaut has decades of experience as a lawyer and manager, both in the private and public sectors. He has successfully navigated the complexities of governmental regulations at local, county, state, and federal levels. Knestaut previously served as First Undersheriff to the Gloucester County Sheriff and Assistant Gloucester County Counsel. A graduate of Widener University Law School, he has been admitted to the bar in New Jersey, Pennsylvania, the U.S. District Court, and the Third Circuit U.S. Court of Appeals. He served as solicitor or prosecutor for numerous municipal-level entities.



# 2022 NEWS AND HIGHLIGHTS

## SOUTH JERSEY PORTS OPERATING CLEANER AND GREENER

The South Jersey Port Corporation (SJPC) deployed its first all-electric terminal tractor, the vanguard of 27 cargo-handling “green machines” which are funded by a \$6.6 million grant from Governor Phil Murphy’s Administration.



“As we work determinedly to safeguard New Jersey against the impacts of climate change, we must electrify not just light-duty

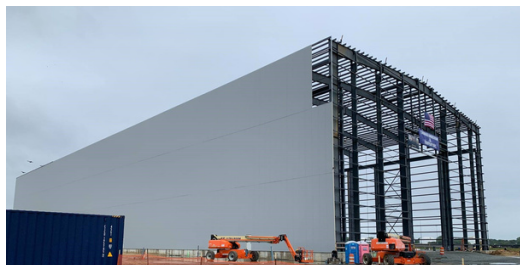
vehicles, but the medium and heavy-duty tractors and equipment, which our thriving logistics industry depends,” said Governor Murphy. “There is no better place to continue our efforts than at the South Jersey Port Corporation, which contributes to our state’s national reputation as an offshore wind hub.”

“Creating family-sustaining jobs is one of our prime objectives,” said SJPC Executive Director & CEO Andrew Saporito. “But, as Governor Murphy warns us, there will be no jobs if we destroy our planet and communities in the process. Jobs are inextricably connected to how we protect our environment and shrink our carbon footprint to zero. We strive to be a better neighbor in the communities we serve by making our operations cleaner and greener while also building the green economy on initiatives such as offshore wind development.”

SJPC will replace twenty-seven pieces of older gasoline and diesel forklifts and cargo handling equipment with new electric-powered units and associated charging stations with the grant funding. SJPC aims to systematically convert all of its energy-consuming assets to zero-carbon within the next decade as suitable replacement equipment becomes commercially available.

SJPC has become the cornerstone of New Jersey’s growing Green Energy Economy. Its unparalleled location combined with available land and warehouse space and an integrated network of highway, rail, and marine facilities provide the infrastructure to support offshore wind energy investments along the Atlantic Coast. It’s Paulsboro Marine Terminal (PMT) has already emerged as the prime manufacturing site for components of offshore wind turbines.

## MONOPILE FACILITY CONSTRUCTION ADVANCES AT PAULSBORO



The \$100 billion offshore wind energy industry is coming to life at the SJPC’s Paulsboro Marine Terminal (PMT), where EEW American Offshore Structures is constructing a state-of-the-art factory to manufacture massive monopile foundations that support huge offshore wind turbines. EEW is the first company to set up a tier-one factory in the United States, with many more offshore wind companies to follow.

For the SJPC, it means jobs and an increase of 250,000 tons of steel cargo flowing annually through PMT. For New Jersey, it means a break away from the pack of states competing for the bounty of jobs and economic development in the green energy economy, with strong support from President Biden and New Jersey Governor Phil Murphy.

Construction of the facility is expected to be completed and operational in 2023.



# 2022 NEWS AND HIGHLIGHTS

## PARTNER SPOTLIGHT: LEHIGH HANSON

Lehigh Hanson, a core South Jersey Port Corporation tenant/partner, and aggressive ally in battling climate change, is working hard to reduce its environmental footprint and is committed to becoming carbon neutral.

“The climate is changing in ways that impact our planet and contribute to rising temperatures, rising seas, flooding, and droughts,” said Lusmerlin Lantigua, Plant Manager of the Lehigh Hanson slag grinding facility located at SJPC’s Broadway Marine Terminal in Camden. “We all must strive to reduce our energy use, conserve water, and protect our natural resources. As a company, we are committed to achieving net zero emissions. ”

As part of its commitment to be a worldwide leader, the company has increased its focus on sustainable products, driving the circular economy through an emphasis on recycling and recycled products and working to decarbonize the industry.

Lehigh Hanson’s carbon-neutral strategy goes beyond reducing the carbon footprint of its plant. It also focuses on the cement, concrete, and other construction materials it produces. “Cement is the key ingredient in concrete, the most widely used building material in the world,” explained Lantigua. “Our slag cement significantly lowers the environmental impact of concrete.”

Slag cement is 1.2 times stronger than Portland Cement and, more importantly, emits six to fifteen times less carbon into the air than regular Portland Cement. The slag is the waste from making steel and is repurposed to make stronger concrete to build dams, bridges, highways, airports, and buildings which in turn will reduce overall emissions at upwards of fifteen times.

The alchemy in the Lehigh Hanson strategy is converting a waste product to reduce carbon emissions, a win-win for the environment. With two slag cement plants in North America, they are the market leader for slag cement.

With a capacity for 600,000 tons annually, Lehigh Hanson’s highly efficient Camden plant at Broadway Marine Terminal is 90% automated and employs fourteen full-time employees, not including the stevedores, truck drivers, and other supporting workers. It imports steel slag from Japan and, by barge and truck, supplies its slag cement product for the construction industry throughout the mid-Atlantic, from Virginia to upstate New York.

***“The climate is changing in ways that impact our planet and contribute to rising temperatures, rising seas, flooding, and droughts. We all must strive to reduce our energy use, conserve water, and protect our natural resources. As a company, we are committed to achieving net zero emissions.”***

***Lusmerlin Lantigua, Plant Manager of the Lehigh Hanson slag grinding facility located at SJPC’s Broadway Marine Terminal in Camden.***

# 2022 NEWS AND HIGHLIGHTS

## CUSTOMER SPOTLIGHT: CAMDEN YARDS STEEL

Camden Yards Steel is an International Organization for Standards (ISO) certified prime flat rolled steel service company that specializes in the processing and distribution of full truckload quantities flat rolled steel. With over fifty years of experience in the steel industry, they service customers across the entire United States and parts of the Mid-Atlantic region.

“Camden Yards Steel has been a great long-term partner of ours and is an example of the type of family-owned business that is the backbone of our economy,” said Andy Saporito, Executive Director and CEO of South Jersey Port Corporation. “We congratulate them on their record-breaking year and look forward to continuing to support their growth and success.”

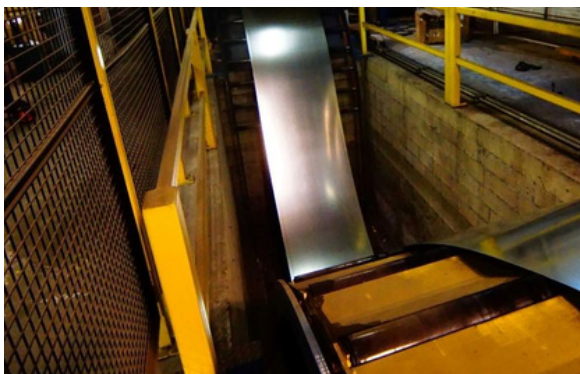
“Our business has grown steadily since we opened in 2002 and we just invested another \$10 million in our Camden facility to upgrade our equipment and sharpen our business in a very competitive sector that demands high quality and tight margins,” explained Michael J. Amato, president of Camden Yards Steel Company at the South Jersey Ports’ Broadway Terminal.

The investment has increased efficiency and productivity and propelled Camden Yards into a new business sector of galvanized steel for HVAC (Heating, Ventilation, Air Conditioning) manufacturers where other long-time suppliers, according to Amato, had grown complacent.

“We are very, very service oriented and very, very customer-oriented,” he boasted. “We showed we provide service and quality at a competitive price and as a result our galvanized steel business has grown consistently and dramatically, from 200 tons a month six years ago to 4,000 tons a month last year and it keeps growing from Maine to Florida to Ohio,” he said.

Camden Yards, with fifty full-time employees to support in Camden, was able to navigate the whipsaw impacts of COVID, steel tariffs, supply-chain shortage in 2021 in which steel prices rose to \$1.00 a pound with pent up demand; and then, suddenly dropped to 30-cents a pound, sticking the company with high priced inventory to meet its commitments.

“Half of our business is contractual, and half is transactional,” he explained. “We are committed to our customers to deliver what we said we would deliver, when we said we deliver and at the price we agreed on.”



***The leadership at South Jersey Ports helped us find laydown space to support our business growth, which was appreciated given the overall space constraints at ports nationwide.”***

***Michael J. Amato  
President, Camden Yards Steel Company***

# IN THE COMMUNITY HIGHLIGHTS

*SJPC continues to collaborate with our host communities to engage residents to provide job opportunities in the emerging offshore wind sector and to establish community environmental initiatives. From participating in job fairs and developing the next generation of port workers with local school programs to planting trees that address stormwater flooding in neighborhoods and planting community gardens, SJPC's commitment to our neighbors remains at the forefront of existing and new operations.*

## WORKFORCE DEVELOPMENT

Jamie Thompson and Rose Hope of South Jersey Port's Team participating in our host city's job fair, held in the City of Camden this summer. It was great getting out and meeting with residents and prospective future team members. South Jersey Port presents to community groups and local schools as part of our goal to hire local residents and create a pipeline of future port professionals.



## WORKFORCE DEVELOPMENT



SJPC offers real-world experience through our intern program. Pictured here is our 2022 summer intern Joe Moore with SJPC Director of Engineering Chris Perk. Joe helped out with projects to gain hands-on experience this summer. He pitched in with facility improvement projects at South Jersey Ports such as berth reconstruction, pier improvements, and check-in booth replacement to name a few. Joe plays defensive back at the University of Rochester and enjoys golf and fishing when he's not focused on his studies.

*SJPC Engineer Chris Perks pictured with Summer Intern Joe Moore*



# IN THE COMMUNITY HIGHLIGHTS



In May of 2022, the South Jersey Port Corporation teamed up with Commissioner Sheila Roberts and the Adventure Aquarium to assist with the installation of a Monarch Butterfly Garden at the Cooper Sprouts Community Garden in Camden, NJ. This garden will help to support the natural ecosystem of the neighborhood while providing much needed green space.



The South Jersey Port Corporation was excited to participate in a Holiday Toy Drive in 2022. Many gifts were donated, helping to bring smiles to little ones in the area. Thank you to Dr. Shirley Peterson and the Youth on the Move organization for this opportunity to give back!



Governor  
Phil Murphy



Lieutenant Governor  
Sheila Y. Oliver

**EXECUTIVE ORDER #37 (2006)**  
**Certification of Annual Audit for Year Ending 2022**

WE ARE PLEASED TO PRESENT this report containing a record of the significant actions taken by the Port Corporation in 2022; these actions detail the success the Port Corporation has achieved in growing its business on behalf of the State of New Jersey and its citizens during the year 2022. In addition, in accordance with Executive Order #37 (2006), we certify that, to the best of our knowledge, the information provided to the auditor in connection with this annual audit and contained in the attached report is accurate, and to the best of our knowledge, fairly represents the financial condition of the South Jersey Port Corporation for the year ending December 31, 2022.

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

Andy Saporito, Executive Director & CEO

**SOUTH JERSEY PORT CORPORATION**  
**AUDIT REPORT**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2022 AND 2021**



# SOUTH JERSEY PORT CORPORATION

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**SOUTH JERSEY PORT CORPORATION**

**BOARD OF DIRECTORS**

**AT DECEMBER 31, 2022**

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, 2022**



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

## INDEPENDENT AUDITOR'S REPORT

Board of Directors of the  
South Jersey Port Corporation  
County of Camden  
2 Aquarium Loop Dr., Suite 100  
Camden, New Jersey 08103

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities 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, 2022 and 2021, 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, 2022, 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 2021 basic financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2023, 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, 2021, 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 October 6, 2023 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  
October 6, 2023





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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLAINE 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, 2022, and the related notes to the financial statements, which collectively comprise South Jersey Port Corporation's basic financial statements, and have issued my report thereon dated October 6, 2023.

**Report on 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.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the South Jersey Port Corporation's financial statements are free of material misstatement, 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  
October 6, 2013

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Management's Discussion and Analysis

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### UNAUDITED

Pursuant to the requirements of Governmental Accounting Standards Board (GASB) 34, the management of the South Jersey Port Corporation (the Port) offers the readers of the Port's financial statements a narrative overview and analysis of the activities of the Port for the fiscal period ending December 31, 2022.

#### **General Port Overview**

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

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

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

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

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

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

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

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

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

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

The opening of the Paulsboro Marine Terminal marked the completion of Phase I and the beginning of a continued expansion to grow water-borne cargo business. Phase II, which was completed at the end of 2021, extended the wharf to 2,200 feet to accommodate up to four ships, and added a 500-foot barge berth and upland improvements to accommodate future cargo customer needs.

Over 4.6 million tons of cargo passed through the Port Corporation's facilities in 2021. Promoting economic development, enhancing intermodal facilities, and partnering with private businesses are the roles the Port Corporation firmly embodies, as is its mission of job growth and port development.

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

### **Financial Highlights**

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

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

Bond proceeds were used to fund the required Debt Service Reserve, and capitalized interest through January 1, 2011.

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

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

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

- (a) \$22,168,441.96 was deposited to fund the undertaking of the Tax Exempt Projects. "Tax Exempt Projects" mean the following: (i) maintenance dredging at Balzano and Broadway terminals, (ii) reconstruction of connecting bridge over Newton Creek, (iii) environmental remediation and capping of Corporation property within terminal sites, and (iv) replace underground fire system and utilities within terminal sites;
- (b) \$212,815,132.33 was deposited to fund the undertaking of the AMT Projects. "AMT Projects" mean the following: (i) deepening to 45'+2' from Paulsboro Berth to channel, including the removal of approximately 500,000CY of material to be dredged, CDF Disposal; (ii) construction of 600 foot upriver deepwater wharf; (iii) construction/completion of Mantua Creek Berth Connection, approximately 500 feet including bollards, fenders, and dredging to restore to 20 ft depth; (iv) construction/completion of downriver deepwater wharf of approximately 950 linear feet and including remaining Deep Draft Berth, All Infill, Plus Trestles 1 and 3; (v) upland improvements to Paulsboro terminal facility, including installation of pavement subbase, asphalt paving of 57 acres+/-, plus striping, installation of 10,000 feet of terminal fencing, construction of maintenance and repair facility with a locker room, construction of

Gate Complex (Security, truck and rail interchange), upgrade to sewage pump station and sanitary force main to GCUA, installation of fire hydrants and laterals, construction and installation of high-mast lights and duct banks and completion of terminal rail connections (approximately 2000 feet, plus 4 turnouts) and (iv) upland improvements to Balzano and Broadway terminals, including construct/renovate 100,000 sf warehouse at Broadway Terminal, pier pile repairs, refrigeration system replacement to existing warehouses (195,120 sf) at Pier 5 to extend useful life of system through end of lease and replace fire suppression system with existing warehouses;

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

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

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

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

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

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

The statement of Net Position presents information on all of the Port's assets, liabilities and deferred inflows and outflows, with the difference among them reported as Net Position. Over time, increases or decreases in Net Position, whether read in conjunction with other data, may serve as a useful indicator of whether or not the financial position of the Port is improving or deteriorating.

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

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

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

## Financial Analysis

Port Assets and Deferred Outflows of Resources exceeded Port Liabilities and Deferred Inflows of Resources by \$39,626,611 at December 31, 2022.

	<u>Port's Net Position</u>	
<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current & Other Assets	\$178,785,041	\$164,491,591
Capital Assets (Net)	458,342,851	450,210,103
<b>Total Assets</b>	<b>637,127,892</b>	<b>614,701,694</b>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Deferred Outflows	10,911,359	8,046,651
Bond Discount, Net of Accumulated Amortization	152,522	161,494
<b>Total Deferred Outflows of Resources</b>	<b>11,063,881</b>	<b>8,208,145</b>
<u>LIABILITIES</u>		
Current Liabilities	28,478,784	28,397,878
Long-Term Liabilities	519,332,235	491,127,240
<b>Total Liabilities</b>	<b>547,811,019</b>	<b>519,525,118</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Service Arrangements	445,426	991,233
Unrealized Rental Income	9,397,537	9,499,500
Deferred Gain on Bond Refunding	295,652	313,043
Pension Deferred Inflows	50,615,528	56,769,376
<b>Total Deferred Inflows of Resources</b>	<b>60,754,143</b>	<b>67,573,152</b>
<u>NET POSITION</u>		
Net Investment in Capital Assets	28,422,940	24,625,157
Restricted for:		
Reserve for Payment of Debt Service	34,515,358	34,515,358
Reserve for Inventory Supplies	1,185,416	1,348,580
Unrestricted:		
Unreserved	(24,497,103)	(24,677,526)
<b>Total Net Position</b>	<b>\$39,626,611</b>	<b>\$35,811,569</b>

A portion of the Port's Net Position reflects its net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment) less any related debt to acquire those assets that remain outstanding. Currently the amount of \$28,422,940 reflects the current Net Investment in Capital Assets. An additional portion of the Port's Net Position represents resources that are subject to external restrictions on how they may be used. They are used for capital projects, debt service payments, and city and county tax payments. Unrestricted Net Position is available for any Port related use.



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

	2022	2021
Operating Revenues:		
Marine Direct	\$22,428,197	\$21,489,242
Marine Related	4,227,140	2,288,214
Other	2,055,789	4,015,296
Grant Revenue	2,887,296	670,143
Total Operating Revenues	<u>31,598,422</u>	<u>28,462,895</u>
Operating Expenses:		
General Operating	14,188,787	13,191,116
Repairs & Maintenance	1,161,822	1,668,262
General & Administrative	8,436,317	7,273,511
Grant Expenses	2,887,296	670,143
Total Operating Expenses	<u>26,674,222</u>	<u>22,803,032</u>
Operating Income Before Other Operating Expenses	<u>4,924,200</u>	<u>5,659,863</u>
Other Operating Expenses:		
Depreciation	<u>9,686,693</u>	<u>9,298,436</u>
Total Other Operating Expenses	<u>9,686,693</u>	<u>9,298,436</u>
Operating Income/(Loss) After Other Operating Expenses	<u>(4,762,493)</u>	<u>(3,638,573)</u>
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	1,470,657	275,769
Insurance Proceeds	190,546	756,056
Federal Subsidy Revenue	2,772,373	2,739,377
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	7,313	35,108
Net Change in Reserve for Payment of Debt Service	-	(85,333)
Unrealized Gain/(Loss) on Investment	(333,170)	420,732
Change in Inventory of Supplies	(163,164)	(6,749)
Interest Expense	<u>(24,123,419)</u>	<u>(24,533,367)</u>
Net Nonoperating Revenue/(Expenses)	<u>(19,232,465)</u>	<u>(19,452,008)</u>
Net Income/(Loss) Before Contributions and Transfers	<u>\$ (23,994,958)</u>	<u>\$ (23,090,581)</u>

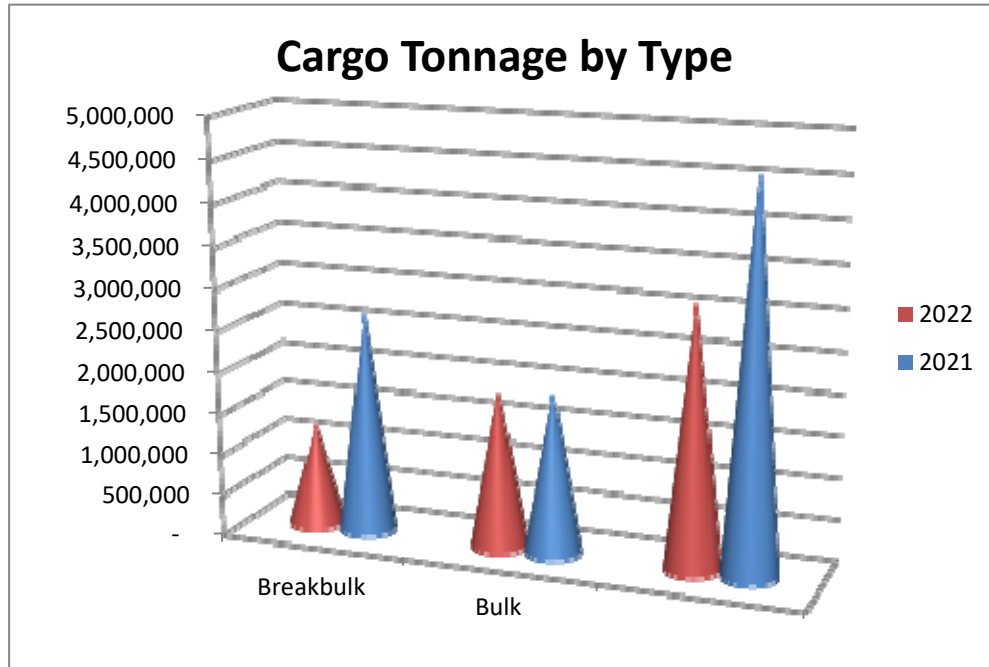
**STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION**

Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	27,810,000	29,635,000
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)
	<hr/>	<hr/>
Total Operating Transfers	27,810,000	29,635,000
	<hr/>	<hr/>
Change in Net Position	3,815,042	6,544,419
	<hr/>	<hr/>
Net Position - Beginning of Year, As Restated (Note 20)	\$35,811,569	\$29,267,150
	<hr/> <hr/>	<hr/> <hr/>
Net Position - End of Year	\$39,626,611	\$35,811,569
	<hr/> <hr/>	<hr/> <hr/>

Port activity for 2022 resulted in operating income before depreciation and amortization of \$4,924,200.

## Cargo Tonnage

The South Jersey Port Corporation activity for 2022 totaled 3,161,980 tons. This is an decrease of approximately 32% as compared to 2021.



### Breakbulk

Breakbulk activity for 2022 decreased 56% when compared to 2021 Port totals.

### Bulk

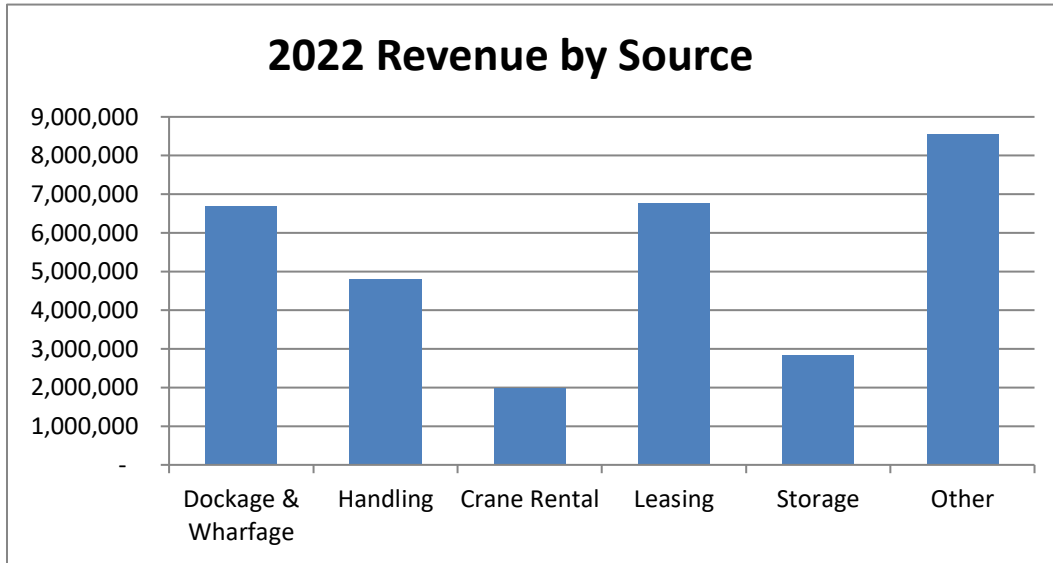
Dry bulk cargoes collectively reached 1,922,650 tons in 2021, which was a .6% decrease over the prior year. Export recycled scrap metals decreased by 3% from 2021 while export Grancem® increased 22.5% and import cement finished up 6% from 2021. Other bulk cargo activity resulted from Road Salt, Sand and Gypsum.

### Other Activity

Ship calls totaled 238 for the year ended 2022, 15 more than 2021. Ship days in 2022 totaled 800 year to date compared to 1004 from 2021, which is an decrease of 20%.

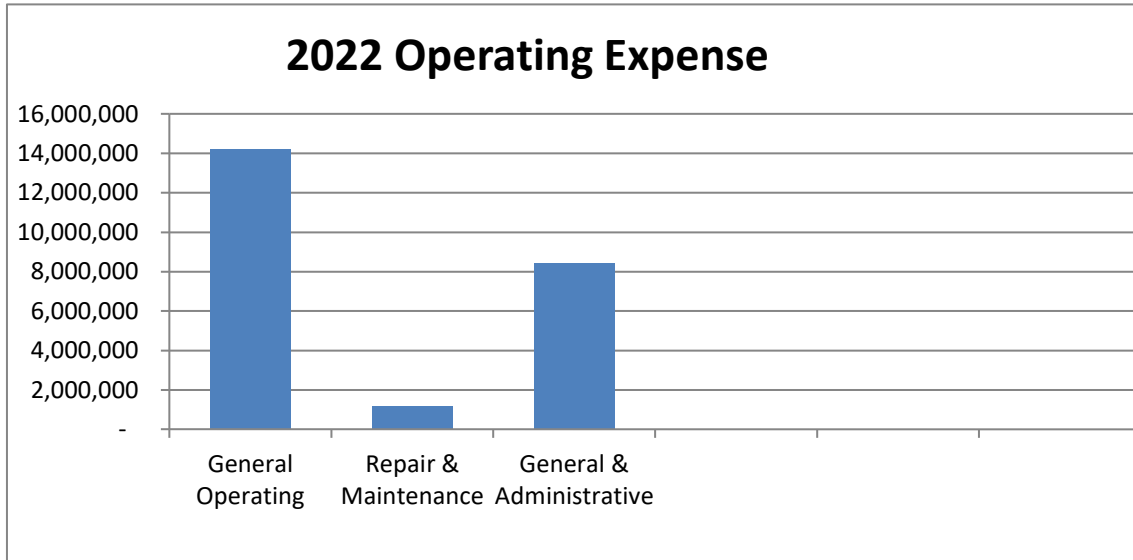
### **Operating Revenues**

The Port Corporation generated \$31,598,422 total in operating revenues in 2022. This represents an overall increase of \$3,135,527 over 2021 totals.



### **Operating Expenses**

Total Corporation operating expenses were \$26,674,222 in 2022, an increase of \$3,871,190 when compared to 2021.



### Capital Assets

The Port's investment in Capital assets as of December 31, 2022 is \$458,342,851.

The investment in capital assets include land, buildings, piers and berths, and machinery and equipment. Net capital assets increased by \$8,132,748 which is net of \$17,865,096 of additions and \$9,732,348 of depreciation in 2022 over 2021. In 2022, \$14,937,862 of fully depreciated assets were written off.

### Capital Assets

	<u>2022</u>	<u>2021</u>
Land	\$20,683,410	\$20,683,410
Building & Improvements	60,587,731	59,774,781
Land Improvements	292,956,882	286,257,947
Equipment	26,830,690	29,500,290
Engineering & Other	7,004,480	11,636,673
Financing Costs	2,281,413	9,159,938
<b>Subtotal</b>	<b>\$410,344,606</b>	<b>\$417,013,039</b>
Less: Accumulated Depreciation & Amortization	150,821,638	156,027,152
<b>Subtotal</b>	<b>259,522,968</b>	<b>260,985,887</b>
Construction in Progress	198,819,883	189,224,216
<b>Total</b>	<b>\$458,342,851</b>	<b>\$450,210,103</b>

**Long-Term Debt**

As of December 31, 2022 the Port had accumulated long-term debt of \$469,498,179. This balance is comprised of the following:

	<b><u>Long-Term Debt</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Revenue Bonds	\$444,425,818	\$456,198,798
Lease Payable	2,239,653	2,406,418
Net Pension Payable	21,714,377	9,621,245
Early Retirement	1,118,331	1,143,733
Total	<b><u>\$469,498,179</u></b>	<b><u>\$469,370,194</u></b>

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**BASIC FINANCIAL STATEMENTS**



**SOUTH JERSEY PORT CORPORATION**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022 AND 2021**

ASSETS	2022	2021
Current Assets:		
Unrestricted Assets:		
Cash & Cash Equivalents	\$ 6,739,018	\$ 8,366,588
Accounts Receivable (Net of Allowance for Doubtful Accounts - \$569,488 in 2022 and \$424,050 in 2021)	2,611,538	3,363,190
Other Accounts Receivable	35,869,974	39,733,701
Prepaid Expenses	118,425	89,310
Inventory of Supplies	1,185,416	1,348,580
	46,524,371	52,901,369
Total Unrestricted Current Assets		
Restricted Assets:		
Cash & Cash Equivalents	90,868,096	75,574,919
Investments	13,161,316	5,970,770
Other Accounts Receivable	388,645	382,259
Grants Receivable	5,339	
Due from State of New Jersey	27,810,000	29,635,000
Tenant Security Deposit	27,274	27,274
	132,260,670	111,590,222
Total Restricted Current Assets		
Property, Plant & Equipment (Note 5):		
Completed	408,063,193	407,853,101
Construction in Progress	198,819,883	189,224,216
Bond Financing Costs	2,281,413	9,159,938
	609,164,489	606,237,255
Total Property, Plant & Equipment		
Less: Accumulated Depreciation & Amortization	150,821,638	156,027,152
	458,342,851	450,210,103
Net Property, Plant & Equipment		
	637,127,892	614,701,694
Total Assets		
	637,127,892	614,701,694
DEFERRED OUTFLOW OF RESOURCES		
Related to Pension, Post Retirement Benefits and Leases	10,911,359	8,046,651
Bond Discount, Net of Accumulated Amortization	152,522	161,494
	11,063,881	8,208,145
Total Deferred Outflows of Resources		
	11,063,881	8,208,145
Total Assets and Deferred Outflows of Resources	\$ 648,191,773	\$ 622,909,839

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

**SOUTH JERSEY PORT CORPORATION**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022 AND 2021**

LIABILITIES	2022	2021
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	\$ 260,572	\$ 649,249
Accrued Expenses	289,090	177,568
Payroll Taxes Payable	113,988	153,995
Accrued Vacation Payable	163,696	164,733
Pension Payable	1,035,629	951,133
Lease Security & Escrow Deposits	251,394	244,081
	<hr/>	<hr/>
Total Current Liabilities Payable From Unrestricted Assets	2,114,369	2,340,759
Current Liabilities Payable From Restricted Assets:		
Accrued Interest Payable	11,963,848	12,199,529
Contracts Payable	1,170,229	1,170,229
Revenue Bonds Payable (Short-Term Portion)	10,835,000	10,350,000
Lease Payable	2,395,338	2,337,361
	<hr/>	<hr/>
Total Current Liabilities Payable From Restricted Assets	26,364,415	26,057,119
Long-Term Liabilities:		
Long-Term Liabilities Payable From Unrestricted Assets:		
Vacation Payable	28,025	27,015
Early Retirement Payable	1,118,331	1,143,733
Net Pension Payable	11,358,084	8,670,112
Post Retirement Benefits Payable	22,646,416	22,681,164
	<hr/>	<hr/>
Total Long-Term Liabilities Payable From Unrestricted Assets	35,150,856	32,522,024
Long-Term Liabilities Payable From Restricted Assets:		
Unearned Grant Revenue	37,515,908	
Revenue Bonds Payable (Net of Unamortized Premium)	444,425,818	456,198,798
Lease Payable	2,239,653	2,406,418
	<hr/>	<hr/>
Total Long-Term Liabilities Payable From Restricted Assets	484,181,379	458,605,216
Total Liabilities	<hr/>	<hr/>
	547,811,019	519,525,118
DEFERRED INFLOWS OF RESOURCES		
Service Arrangements	445,426	991,233
Unrealized Rental Income	9,397,537	9,499,500
Gain on Bond Refunding, Net of Accumulated Amortization	295,652	313,043
Related to Pension, OPEB and Leases	50,615,528	56,769,376
	<hr/>	<hr/>
Total Deferred Inflows of Resources	60,754,143	67,573,152
NET POSITION		
Net Investment in Capital Assets	28,422,940	24,625,157
Restricted:		
Reserve for Payment of Debt Service	34,515,358	34,515,358
Reserve for Inventory of Supplies	1,185,416	1,348,580
Unrestricted:		
Unreserved	(24,497,103)	(24,677,526)
	<hr/>	<hr/>
Total Net Position	39,626,611	35,811,569
Total Liabilities, Deferred Inflows of Resources and Net Position	<hr/>	<hr/>
	\$ 648,191,773	\$ 622,909,839

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, 2022 AND 2021**

	2022	2021
Operating Revenues:		
Marine Direct	\$ 22,428,197	\$ 21,489,242
Marine Related	2,473,268	2,288,214
Other	3,809,661	4,015,296
Grant Revenue	2,887,296	670,143
	<hr/>	<hr/>
Total Operating Revenues	31,598,422	28,462,895
	<hr/>	<hr/>
Operating Expenses:		
General Operating	14,188,787	13,191,116
Repairs & Maintenance	1,161,822	1,668,262
General & Administrative	8,436,317	7,273,511
Grant Expenses	2,887,296	670,143
	<hr/>	<hr/>
Total Operating Expenses	26,674,222	22,803,032
	<hr/>	<hr/>
Operating Income Before Other Operating Expenses	4,924,200	5,659,863
	<hr/>	<hr/>
Other Operating Expenses:		
Depreciation	9,686,693	9,298,436
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Total Other Operating Expenses	9,686,693	9,298,436
	<hr/>	<hr/>
Operating Income/(Loss) After Other Operating Expenses	(4,762,493)	(3,638,573)
	<hr/>	<hr/>
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	1,470,657	275,769
Insurance Proceeds	190,546	756,056
Federal Subsidy Revenue	2,772,373	2,739,377
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	7,313	35,108
Net Change in Reserve for Payment of Debt Service		(85,333)
Unrealized Gain/(Loss) on Investment	(333,170)	420,732
Net Change in Inventory of Supplies	(163,164)	(6,749)
Interest Expense	(24,123,419)	(24,533,367)
	<hr/>	<hr/>
Net Nonoperating Revenue/(Expenses)	(19,232,465)	(19,452,008)
	<hr/>	<hr/>
Net Income/(Loss) Before Transfers	\$ (23,994,958)	\$ (23,090,581)

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, 2022 AND 2021**

	2022	2021
Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	\$ 27,810,000	\$ 29,635,000
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)
	<hr/>	<hr/>
Total Operating Transfers	27,810,000	29,635,000
	<hr/>	<hr/>
Change in Net Position	3,815,042	6,544,419
	<hr/>	<hr/>
Net Position - Beginning of Year, As Restated (Note 20)	35,811,569	29,267,150
	<hr/>	<hr/>
Net Position - End of Year	\$ 39,626,611	\$ 35,811,569
	<hr/> <hr/>	<hr/> <hr/>

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

**SOUTH JERSEY PORT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 36,116,516	\$ 27,450,385
Interest Receipts	56,445	61,389
Payments to Employees	(6,939,162)	(6,794,969)
Payments for Employee Benefits	(7,270,659)	(2,098,791)
Payments to Suppliers	(11,527,130)	(14,925,620)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	10,436,010	3,692,394
Cash Flows From Noncapital Financing Activities:		
Tenant and Developer Escrow Refunds	7,313	35,108
	<hr/>	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	7,313	35,108
Cash Flows From Capital & Related Financing Activities:		
Acquisition & Construction of Capital Assets	13,566,422	(37,382,192)
Capital Lease Payments	(450,622)	(388,571)
Federal Interest Subsidy	2,772,373	2,739,377
Insurance Proceeds	190,546	756,056
Interest Paid on Revenue Bonds	(24,163,376)	(24,770,001)
Principal Paid on Revenue Bonds	(10,350,000)	(9,965,000)
State Aid for Debt Service	27,810,000	29,653,000
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	9,375,343	(39,357,331)
Cash Flows From Investing Activities:		
Unrealized Gain/(Loss) on Investment	(333,170)	420,732
Interest & Dividends	1,470,657	275,769
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities	\$ 1,137,487	\$ 696,501

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, 2022 AND 2021**

	2022	2021
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ 20,956,153	\$ (35,084,387)
Balances - Beginning of Year	89,812,277	124,896,664
	<hr/>	<hr/>
Balances - End of Year	<u>\$ 110,768,430</u>	<u>\$ 89,812,277</u>

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

Operating Income/(Loss)	\$ (4,762,493)	\$ (3,638,573)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Activities:		
Depreciation & Net Amortization	9,686,693	9,298,436
(Increase)/Decrease in Accounts Receivable, Net	4,603,654	(956,034)
(Increase)/Decrease in Prepaid Expenses	(29,115)	4,913
Increase/(Decrease) in Accounts Payable	1,634,762	(2,752,681)
Increase/(Decrease) in Accrued Liabilities	(27)	1,306
Increase/(Decrease) in Contracts Payable		1,092,981
Increase/(Decrease) in Lease Payable	(108,788)	
Increase/(Decrease) in Early Retirement Payable	(25,402)	(19,211)
Increase/(Decrease) in Pension Payable	84,496	167,891
Increase/(Decrease) in Service Arrangements	(545,807)	595,328
Increase/(Decrease) in Unearned Grant Revenue		
Increase/(Decrease) in Unrealized Rental Income	(101,963)	(101,962)
	<hr/>	<hr/>
Total Adjustments	15,198,503	7,330,967
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 10,436,010</u>	<u>\$ 3,692,394</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, 2022 AND 2021**

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

**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, 2022:

Statement No. 87, *Leases*. This Standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Management does 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 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.



## SOUTH JERSEY PORT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

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

##### Impact of Recently Issued Accounting Principles (continued):

###### Adopted Accounting Pronouncements:

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 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.

##### Recently Issued Accounting Pronouncements

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

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.

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.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

Recently Issued Accounting Pronouncements (continued):

Statement No. 101, *Compensated Absences*. Statement No. 101 aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management 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:

- ◆ 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.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

**Accounting Policies and Basis of Presentation**

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

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

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

d) **Marine Terminal Revenue Bond Resolution**

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

- 1) **Operating Account** - 1/12 of the total appropriated for operating expenses in the annual budget for the current calendar year.
- 2) **Debt Service Account** - such amount necessary to increase the retained earnings to equal the Aggregate Debt Service Requirement. (Interest and principal on the bonds to accrue to the next interest payment date).
- 3) **Debt Reserve Account** - such amount necessary to increase the retained earnings to equal the Debt Reserve Requirement.
- 4) **Maintenance Reserve Account** - such amount necessary to increase the retained earnings to equal the Maintenance Reserve Fund Requirement, which is the amount, budgeted for major renewals, repairs or replacement.
- 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.

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

**Accounting Policies and Basis of Presentation**

- 6) **General Reserve Account** - such amount that remains after all previously mentioned requirements.

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

**Operating Account**

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

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

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

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

**Debt Service Account**

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

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

**Debt Service Account (continued):**

Debt Service payments for 2022 included \$10,350,000 for principal and \$24,163,377 for interest. 2021 included \$9,965,000 for principal and \$24,635,691 for interest. The funds to pay down the debt service were provided from debt service accounts within the Construction Fund for 2022 and 2021.

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

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

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

The Chairman certified to the Governor that the Port Corporation anticipated it would require State appropriations in the amount \$15,100,000 for Senior Lien Bonds and \$12,710,000 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 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 2022 and 2021 of \$-0- and \$-0- respectively.

**Property Reserve Account**

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

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

**Tax Reserve Account**

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

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

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

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

During both 2022 and 2021 the State of New Jersey paid to the Corporation \$4,000,000 for Camden City, \$419,000 for Camden County, \$500,000 for Paulsboro Township, \$150,000 for Gloucester County, \$31,224 for Salem City to provide sufficient funds for tax payments.

**General Reserve Account**

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

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

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

**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 P Bonds in the amount of \$157,880,000. In 2012 Series Q Bonds in the amount of \$60,060,000 and Series R in the amount of \$16,050,000 were issued to refund Series Bonds K and L. In 2016 Series S bonds were issued to refund Series Bonds N and O in the amount of \$40,320,000. During 2017 Series A Bonds in the amount of \$23,860,000 and Series B Bonds in the amount of \$231,140,000 were issued and these funds are also still available for approved projects.

With certain exceptions, existing 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 November 15, 2022 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, 2022 and 2021 are as follows:

Type	2022 Carrying Value	2021 Carrying Value
<b>Deposits:</b>		
Demand Deposits	<u>\$104,216,759</u>	<u>\$ 83,941,507</u>
Total Deposits	<u>\$104,216,759</u>	<u>\$ 83,941,507</u>

**Reconciliation of Statement of Net Position:**

Current:

Unrestricted Assets:

Cash & Cash Equivalents	\$ 6,739,018	\$ 8,366,588
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Restricted Assets:

Cash & Cash Equivalents	<u>97,477,741</u>	<u>75,574,919</u>
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Total	<u>\$104,216,759</u>	<u>\$ 83,941,507</u>
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**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

**Note 2. Cash & Cash Equivalents (continued):**

**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, 2022 and 2021, the Corporation's bank balance of \$97,283,686 and \$83,995,653 respectively, was insured or collateralized as follows:

	<u>2022</u>	<u>2021</u>
Insured	\$ 838,721	\$ 801,217
Collateralized in the Corporation's Name Under GUDPA (See Note 3)	96,444,965	83,194,436
Collateralized not in the Corporation's Name (New Jersey Cash Management Fund)	<u>-</u>	<u>-</u>
Total	<u>\$ 97,283,686</u>	<u>\$ 83,995,653</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, 2022 and 2021, are provided in the above schedule.



**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022 and 2021, the Corporation had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	<u>2022</u> <u>Fair Value</u>
Federal Farm Credit Bank	6/08/23	Aaa	\$ 5,750,268
Federal Home Loan Bank	3/22/23	N/A	801,403
US Treasury Notes	6/30/27	Aaa	3,384,185
US Treasury Notes	5/15/32	Aaa	<u>\$ 3,225,460</u>
Total			<u>\$ 13,161,316</u>

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

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

The Corporation deposited cash in 2022 and 2021 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, 2022 AND 2021**

**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, 2022 and 2021:

<u>Description</u>	<u>Balance December 31, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance December 31, 2022</u>
Land	\$ 20,683,410				\$ 20,683,410
Construction in Progress	189,224,216	11,835,480		(2,239,813)	198,819,883
<u>Capital Assets Being Depreciated:</u>					
Building & Improvements	\$ 59,774,781	812,950			\$ 60,587,731
Land Improvements	286,257,947	4,565,922		2,133,013	292,956,882
Equipment	29,500,290	580,122	(3,249,722)		26,830,690
Engineering & Other	11,636,673	70,622	(4,809,615)	106,800	7,004,480
Financing Costs	9,159,938		(6,878,525)		2,281,413
Total Assets Being Depreciated	<u>396,329,629</u>	<u>6,029,616</u>	<u>(14,937,862)</u>	<u>2,239,813</u>	<u>389,661,196</u>
<u>Less: Accumulated Depreciation:</u>					
Building & Improvements	\$ 27,009,212	1,533,683			\$ 28,542,895
Land Improvements	90,440,370	6,290,555			96,730,925
Equipment	20,832,890	833,139	(3,249,722)		18,416,307
Engineering & Other	8,972,115	1,017,935	(4,809,615)		5,180,435
Financing Costs	8,772,565	57,036	(6,878,525)		1,951,076
Total Accumulated Depreciation	<u>156,027,152</u>	<u>9,732,348</u>	<u>(14,937,862)</u>		<u>150,821,638</u>
Net Assets Being Depreciated	<u>240,302,477</u>	<u>(3,702,732)</u>		<u>2,239,813</u>	<u>238,839,558</u>
Total Capital Assets	<u>\$ 450,210,103</u>	<u>8,132,748</u>	<u>-</u>	<u>-</u>	<u>\$458,342,851</u>

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

<u>Description</u>	<u>Balance December 31, 2020</u>	<u>Adjustments/ Additions</u>	<u>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	34,956,871		(2,481,798)	189,224,216
<u>Capital Assets Being Depreciated:</u>					
Building & Improvements	\$ 57,204,294	2,265,338		305,149	\$ 59,774,781
Land Improvements	285,069,264	88,801	(474,860)	1,574,742	286,257,947
Equipment	28,125,034	776,349	(3,000)	601,907	29,500,290
Engineering & Other	11,636,673				11,636,673
Financing Costs	9,159,938				9,159,938
Total Assets Being Depreciated	<u>391,195,203</u>	<u>3,130,488</u>	<u>(477,860)</u>	<u>2,481,798</u>	<u>396,329,629</u>
<u>Less: Accumulated Depreciation:</u>					
Building & Improvements	\$ 25,670,812	1,338,400			\$ 27,009,212
Land Improvements	84,429,836	6,015,348	(4,814)		90,440,370
Equipment	19,856,989	978,901	(3,000)		20,832,890
Engineering & Other	7,958,909	1,013,206			8,972,115
Financing Costs	8,715,529	57,036			8,772,565
Total Accumulated Depreciation	<u>146,632,075</u>	<u>9,402,891</u>	<u>(7,814)</u>		<u>156,027,152</u>
Net Assets Being Depreciated	<u>244,563,128</u>	<u>(6,272,403)</u>	<u>(470,046)</u>	<u>2,481,798</u>	<u>240,302,477</u>
Total Capital Assets	<u>\$ 420,489,388</u>	<u>30,190,761</u>	<u>(470,046)</u>	<u>-</u>	<u>\$ 450,210,103</u>

**Note 6. Pension Plan**

**Description of System and Vesting**

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

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

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
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**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:

**Tier    Definition**

- 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, 2022 the Corporation reported a liability of \$12,393,713 for its proportionate share of the net pension liability as measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Corporation elected to record \$1,035,629 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, 2022, the Corporation's proportion was .0821244696% which increased slightly by .00091% from its proportion measured as of June 30, 2021.

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, 2022 AND 2021**

**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, 2022 and 2021, the Corporation recognized pension expense (benefit) of (\$873,782) and (\$938,376) 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, 2022</u>		<u>December 31, 2021</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	\$ 89,452	78,884	\$ 151,739	68,877
Changes of Assumptions	38,400	1,855,829	50,107	3,425,226
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	512,965	-	-	2,534,489
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,418,434	666,314	1,738,835	1,158,705
Authority Contributions Subsequent to The Measurement Date	-	-	-	-
	<u>\$2,059,251</u>	<u>\$2,601,027</u>	<u>\$1,940,681</u>	<u>\$7,187,297</u>

\$2,059,251 and \$1,940,681 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, 2022 and 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 6. Pension Plan (continued):**

Year Ended December 30,		Year Ended December 30,	
2023	\$(1,063,120)	2022	\$(2,270,195)
2024	(541,624)	2023	(1,620,914)
2025	(264,140)	2024	(1,105,187)
2026	576,253	2025	(830,772)
2027	(1,266)	2026	323
Thereafter	<u>-</u>	Thereafter	<u>-</u>
<b>Total</b>	<b><u>\$(1,293,897)</u></b>	<b>Total</b>	<b><u>\$(5,826,745)</u></b>

**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 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years for the 2022, 2021, 2020, 2019, 2018, and 2017, respectively.

**Additional Information**

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

	<u>2021</u>	<u>2020</u>
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, 2022 and 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

<u>2022</u>		<u>2021</u>	
Inflation Rate		Inflation Rate	
Price	2.75%	Price	2.75%
Wage	3.25%	Wage	3.25%
 Salary Increases:	 2.75 – 6.55%	Salary Increases:	 2.00 – 6.00%
		Through 2026	Based on Years of Service



**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
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**Note 6. Pension Plan (continued):**

	Thereafter	3.00 – 7.00% Based on Years of Service
Investment Rate of Return	7.00%	

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2022 and 2021 are summarized in the following tables:

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2022</u>		<u>Measurement Date</u> <u>June 30, 2021</u>	
	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Real Assets	3.00%	7.60%	3.00%	7.40%
Real Estate	8.00%	11.19%	8.00%	9.15%
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-US Developed Mkt Equity	13.50%	8.38%	13.50%	8.71%
Emerging Markets Equity	5.50%	10.33%	5.50%	10.23%
Private Equity	<u>13.00%</u>	11.80%	<u>13.00%</u>	11.30%
	<u>100.00%</u>		<u>100.00%</u>	

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
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**Note 6. Pension Plan (continued):**

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2022 and 2021, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

<b>2022</b>			
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
Corporation's Proportionate Share of Net Pension Liability	\$ 15,922,291	\$12,393,713	\$ 9,390,751
<b>2021</b>			
	<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

**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, 2022 and 2021 was \$1,035,629 and \$951,133 respectively.

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
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**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 \$1,118,331 as of December 31, 2022.

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 2022 and 2021 for \$119,760 and \$115,154 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>
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>\$1,118,331</u>	<u>\$ 753,135</u>	<u>\$1,871,466</u>

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 7. Long-Term Debt**

The following is a summary of long-term debt at December 31, 2022:

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	5.750% 7.365%	157,880,000	120,215,000
Series 2012 Q Marine Terminal Refunding Bonds	10/17/12	01/01/33	3.130% 3.250%	60,060,000	25,670,000
Series 2012 R Marine Terminal Refunding Bonds	10/17/12	01/01/24	4.000%	16,050,000	2,570,000
Series 2016 S Marine Terminal Refunding Bonds	09/29/16	01/01/39	3.350% 5.875%	40,320,000	33,340,000
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					\$436,795,000
Add: Unamortized Bond Premium					18,465,818
Less: Current Maturities Included in Current Liabilities					<u>10,835,000</u>
Balance					<u>\$444,425,818</u>

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

Year	Principal	Interest	Total
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	12,820,000	21,151,624	33,971,624
2028-2032	72,190,000	94,206,958	166,396,958
2033-2037	88,595,000	71,302,162	159,897,162

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**NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7. Long-Term Debt (continued):**

Year	Principal	Interest	Total
2038-2042	89,985,000	43,197,751	133,182,751
2043-2047	86,385,000	21,443,875	107,828,875
2048-2049	<u>40,900,000</u>	<u>2,070,000</u>	<u>42,970,000</u>
Total	<u>\$436,795,000</u>	<u>344,526,828</u>	<u>\$781,321,828</u>

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

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

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

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

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

**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”
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	Total Principal
2023	\$4,350,000	5.750	-	-	\$ 4,350,000
2024	1,055,000	5.750	-	-	1,055,000
2025	-	-	-	-	-
2026	-	-	-	-	-
2027	-	-	-	-	-
2028	-	-	-	-	-
2029	-	-	29,985,000	7.065	29,985,000
2030	-	-	-	-	-
2031	-	-	-	-	-
2032	-	-	-	-	-
2033	-	-	-	-	-
2034	-	-	-	-	-
2035	-	-	-	-	-
2036	-	-	-	-	-
2037	-	-	-	-	-
2038	-	-	-	-	-
2039	-	-	-	-	-
2040	-	-	<u>84,825,000</u>	7.365	<u>84,825,000</u>
Total	<u>\$ 5,405,000</u>		<u>114,810,000</u>		<u>\$120,215,000</u>

Issue Year	.....SERIES Q.....		.....SERIES R.....	
	Annual Principal	Interest Rate	Annual Principal	Interest Rate
2023	\$3,150,000	3.00	\$1,670,000	4.00
2024	950,000	3.00	900,000	4.00
2025	2,050,000	3.00	-	-

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

<b>Issue Year</b>	<b>.....SERIES Q.....</b>		<b>.....SERIES R.....</b>		<b>Series S Total Principal</b>
	<b>Annual Principal</b>	<b>Interest Rate</b>	<b>Annual Principal</b>	<b>Interest Rate</b>	
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	-		-		
<b>Total</b>	<u><b>\$25,670,000</b></u>		<u><b>\$ 2,570,000</b></u>		

<b>Issue Year</b>	<b>.....SERIES S-1.....</b>		<b>.....SERIES S-2.....</b>		<b>Series S Total Principal</b>
	<b>Annual Principal</b>	<b>Interest Rate</b>	<b>Annual Principal</b>	<b>Interest Rate</b>	
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  
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**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>3,415,000</u>		<u>\$33,340,000</u>

Issue Year	.....SERIES A.....		.....SERIES B.....		Grand Total
	Annual Principal	Interest Rate	Annual Principal	Interest Rate	Principal
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>\$436,795,000</u>



**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

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

<b>ISSUE YEAR</b>	<b>SERIES A</b>	<b>SERIES B</b>	<b>SERIES P-3</b>	<b>SERIES S-1</b>	<b>GRAND TOTAL</b>
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>
<b>Total</b>	<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, 2022 AND 2021**

**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, 2022 AND 2021**

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

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

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

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

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

<b>Year</b>	<b>Interest Subsidy to be Received</b>
2023	\$ 2,928,030
2024	2,884,201
2025	2,780,716
2026	2,658,686
2027	2,531,092
2028-2032	10,496,075
2033-2037	6,113,457
2038-2040	<u>1,089,551</u>
Total	<u>\$31,481,808</u>

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

**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, 2022 and 2021:

	Balance December 31, 2021	Issued	Retired	Balance December 31, 2022	Due Within One Year
<u>Restricted:</u>					
Bond Payable	\$447,145,000		(10,350,000)	436,795,000	10,835,000
Lease Payable *	4,743,779	-	(108,788)	4,634,991	2,395,338
	<hr/>				
Total	\$451,888,779	-	(10,458,788)	\$441,429,991	13,230,338
	<hr/>				
				Add: Unamortized Bond Premium	18,465,818
				Less: Due within One Year	13,230,338
				Total	<u>\$446,665,471</u>

\* - Includes adjustment for GASB 87

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

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

**Note 8. Commitments**

**Lessor**

The South Jersey Port Corporation lease various rental spaces to tenants. The interest rates on the leases are fixed based on the U.S. prime interest rate of lease commencement, or at the interest rate explicitly prescribed in the lease agreement. As of December 31, 2022, leases receivable are \$34,052,164, and lease revenue and interest income related to the payments received for the year ended December 31, 2022 are \$4,365,522 and \$1,753,872, respectively and summarized as follows:

<u>Lease</u>	<u>Commencement Date</u>	<u>Payment Terms</u>	<u>Lease Receivable 12/31/22</u>	<u>Rent Revenue</u>	<u>Interest Revenue</u>
Central Metals	02/01/21	5 years	\$ 19,709	\$ 4,894	\$ 713
Delaware River Stevedores	10/01/20	3 years	56,211	71,534	2,896
D&M Transport Lease	10/01/19	5 years	27,023	14,415	1,677
Mid-Atlantic Salt	01/01/17	7 years	20,997	20,225	1,134
NUTSCO	03/21/03	30 years	300,694	23,396	13,192
Tri-State	04/01/22	5 years	117,487	40,266	3,546
Eastern Concrete	09/01/14	10 years	99,425	57,124	4,076
State Metal Industries	12/15/15	10 years	672,181	215,538	25,378
Mid Atlantic Shipping	08/01/16	10 years	81,436	20,965	3,179
John Lawrie	05/01/20	5 years	831,249	333,181	31,931
Camden Int'l Commodities	08/01/04	31 years	1,892,292	678,597	93,411
Joseph Oat	07/01/05	20 years	1,200,928	222,934	104,931

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

**Note 8. Commitments (continued):**

<u>Lease</u>	<u>Commencement Date</u>	<u>Payment Terms</u>	<u>Lease</u>		
			<u>Receivable 12/31/22</u>	<u>Rent Revenue</u>	<u>Interest Revenue</u>
Camden Iron & Metal	12/01/11	19 years	\$ 3,962,795	\$ 431,958	\$ 134,898
EMR	06/01/19	15 years	595,210	36,488	33,512
Camden Yards Steel	06/01/18	15 years	2,510,600	179,275	129,137
Camden Iron & Metal	01/01/11	26 years	319,157	329,157	31,323
Camden Waterfront	12/03/04	10 years	1,906,737	870,438	74,808
Paulsboro Marine Terminal	03/01/99	14 years	11,516,603	1,076,773	423,227
St Lawrence/ESSROC	11/01/99	54 years	7,911,432		640,903
		<b>Total</b>	<b>\$ 34,052,164</b>	<b>\$4,365,522</b>	<b>\$1,753,872</b>

**Lessee**

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

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

<u>Lease</u>	<u>Effective Date</u>	<u>Term</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Lease Liability</u>	<u>Balance Dec 31, 2022</u>
Conrail	02/01/16	25 yrs	\$ 4,000	3.50%	\$ 67,853	\$ 54,221
Mail Machine	04/01/19	5 yrs	4,983	5.50%	28,966	12,330
Railcar	02/26/20	6 yrs	102,000	4.99%	527,950	305,434
Xerox Copiers	02/21/20	5 yrs	42,000	4.75%	185,866	81,681
Tractor Loader Backhoe	10/27/21	5 yrs	20,883	3.99%	94,781	74,183
Wheel Loader	10/26/21	5 yrs	54,045	3.99%	245,273	191,873
Skid Steer	01/26/22	5 yrs	23,589	3.17%	119,137	96,533
FTB Operation	09/02/22	10 yrs	185,944	3.25%	1,764,680	1,634,294
John Deere Wheel Loader	10/26/22	5 yrs	11,032	5.42%	193,771	184,442
		<b>Total</b>	<b>\$448,476</b>		<b>\$3,228,277</b>	<b>\$2,634,991</b>

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

**Note 8. Commitments (continued):**

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

Year ended December 31,:	
2023	\$ 486,270
2024	491,246
2025	455,454
2026	369,943
2027	249,933
Thereafter	<u>947,286</u>
	\$ 3,000,132
Less: (PV Discount)	<u>(365,141)</u>
Total	<u>\$ 2,634,991</u>

**Note 9. Economic Dependency**

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

**Note 10. Deferred Compensation Plan**

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

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

**Note 11. PILOT Payments**

**City of Camden PILOT Payments** – The Corporation entered into a 2022 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 2022 began in July 1, 2021 and ended June 30, 2022. Pursuant to the 2022 "PILOT" agreement, the Corporation is not required to make the 2023 "PILOT" payment until such time as the payment has been appropriated by the State of New Jersey and the payment is received by the Corporation.

## SOUTH JERSEY PORT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

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

**County of Camden PILOT Payments** - The Corporation has entered into a 2022 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 2022. An appropriation of \$419,000 will be required from the State to make payment to the 2023 County of Camden “PILOT Tax Agreement”.

**City of Salem PILOT Payments** – The Corporation has entered into a 2022 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 2022. An appropriation of \$31,225 will be required from the State to make payment to the 2023 City of Salem “PILOT Tax Agreement”.

**Borough of Paulsboro PILOT Payments** – The Corporation has entered into a 2022 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 2022. An appropriation of \$500,000 will be required from the State to make payment to the 2023 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 2022 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 2023 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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

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

the amount of \$187,283,543 and cranes for Series 2017 A in the amount of \$1,078,436. There are a variety of projects occurring at the Camden terminals. The total for the Broadway Terminal amounts to \$6,917,704 and the amount for the Salem Terminal and Balzano Marine Terminal is \$-0- and \$3,021,564, respectively. Total construction in progress amounted to \$198,819,883.

#### **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.

## SOUTH JERSEY PORT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

**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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

**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 \$1,185,416 as of December 31, 2022 and \$1,348,580 as of December 31, 2021.

**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 FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

#### **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, 2022 and 2021 was \$501,239 and \$475,959 respectively, which equaled the required contributions for the year. There were thirty-four (34) retired participants eligible at December 31, 2022 and thirty-five (35) for 2021.

#### **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  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

**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, 2022 were \$3,361,552,823 and \$12,729,372,321, 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, 2021 through June 30, 2022. 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, 2021 and 2020 are as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2021</u>
Total OPEB Liability	\$22,728,689	\$22,744,511
Plan Fiduciary Net Position	<u>(82,273)</u>	<u>63,346</u>
Net OPEB Liability	<u>\$22,646,416</u>	<u>\$22,681,164</u>
Plan Fiduciary Net Position		
As a % of Total OPEB Liability	0.36%	0.91%

The total OPEB liability as of December 31, 2021 was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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>2022</u>	<u>2021</u>
Inflation Rate	2.75%	2.50%
PERS - Salary Increases*:		
Future Years	2.75% to 6.55%	
Through 2026		2.00% to 6.00%
Thereafter		3.00% to 7.00%

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

**Net OPEB Liability (continued):**

	<u>2022</u>	<u>2021</u>
PRFS – Salary Increase*:		
Future Years	3.25% to 16.25%	3.25% to 15.25%
Mortality:		
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021	
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021	

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

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for the periods July 1, 2018 to June 30, 2021 and July 1, 2014 to June 30, 2018, respectively.

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

**Discount Rate**

The discount rate for June 30, 2022 and 2021 was 3.54% and 2.16%, 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, 2022 and 2021, 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, 2022 AND 2021**

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

<b>2022</b>			
	<u>At 1% Decrease (2.54%)</u>	<u>At Current Discount Rate (3.54%)</u>	<u>At 1% Increase (4.54%)</u>
Corporation's Proportionate Share of Net OPEB Liability	\$ 26,251,755	\$ 22,646,416	\$ 19,745,583

<b>2021</b>			
	<u>At 1% Decrease (1.16%)</u>	<u>At Current Discount Rate (2.16%)</u>	<u>At 1% Increase (3.16%)</u>
Corporation's Proportionate Share of Net OPEB Liability	\$ 26,691,379	\$22,681,164	\$ 19,502,982

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

The following presents the net OPEB liability as of June 30, 2022 and 2021, respectively, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<b>2022</b>			
	<u>At 1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>At % Increase</u>
Corporation's Proportionate Share of Net OPEB Liability	\$19,206,366	\$22,646,416	\$27,045,401

<b>2021</b>			
	<u>At 1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>At 1% Increase</u>
Corporation's Proportionate Share of Net OPEB Liability	\$ 18,943,391	\$22,681,164	\$27,584,151

**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, 2022 and 2021 respectively as follows:

**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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

Year ended December 31, :		Year ended December 31, :	
2023	\$ (2,052,084)	2022	\$ (1,354,275)
2024	(2,053,895)	2023	(1,356,057)
2025	(1,621,931)	2024	(1,357,685)
2026	(724,364)	2025	(969,527)
2027	(162,400)	2026	(162,984)
Thereafter	<u>(1,114,089)</u>	Thereafter	<u>228,668</u>
Total	<u>\$ (7,728,763)</u>	Total	<u>\$ (4,971,860)</u>

**Changes in Proportion**

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

**Note 17. Arbitrage Rebate Calculation**

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

This Arbitrage calculation has been performed through November 15, 2022 and the Corporation is in material compliance with the arbitrage rebate requirements.

**Note 18. Contingencies**

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

**Note 19. Subsequent Events**

The South Jersey Port Corporation has evaluated subsequent events occurring after December 31, 2022 through the date of October 6, 2023, during which time the Corporation experienced theft of customer cargo. All claims have been paid by the Corporation and submitted to the insurance carrier for reimbursement in an amount of \$410,000.



**SOUTH JERSEY PORT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

**Note 20. CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD RESTATEMENT**

Effective December 31, 2022, the South Jersey Port Corporation implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the South Jersey Port Corporation’s financial statements and had an effect on the beginning net position of the Governmental Type Activities. The implementation of GASB Statement No. 87 had the following effect on net position as reported December 31, 2020:

Net Position, December 31, 2020	\$29,267,150
Adjustments:	
Fixed Assets, Right-to-Use Asset	277,386
Accumulated Depreciation	(55,145)
Lease Receivable	41,377,361
Deferred Outflow of Resources – Leases	6,861
Lease Liability	(229,102)
Deferred Inflow of Resources – Leases	<u>(41,377,361)</u>
Net Position, December 31, 2020 (As Restated)	<u>\$29,267,150</u>

See Note 8 for additional detail regarding the active South Jersey Port Corporation leases subject to this standard.

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**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**SOUTH JERSEY PORT CORPORATION**  
**COMPARATIVE SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**ACTUAL COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Revenues:						
Marine Direct:						
Leases - Marine Direct	\$7,300,822	7,300,822	6,123,039	\$7,157,669	7,157,669	5,115,452
Crane Rental	1,136,206	1,136,206	1,990,160	1,113,928	1,113,928	1,842,918
Dockage	2,371,752	2,371,752	3,005,583	2,325,247	2,325,247	4,179,787
Handling	5,425,835	5,425,835	4,801,106	5,319,446	5,319,446	4,735,655
Storage	1,951,012	1,951,012	2,842,592	1,912,757	1,912,757	1,285,518
Wharfage	3,668,358	3,668,358	3,665,717	3,596,429	3,596,429	4,329,912
Demurrage	5,913	5,913		5,797	5,797	
Total Marine Direct	<u>21,859,898</u>	<u>21,859,898</u>	<u>22,428,197</u>	<u>21,431,273</u>	<u>21,431,273</u>	<u>21,489,242</u>
Marine Related:						
Leases - Industrial	603,937	603,937	634,993	592,095	592,095	609,890
Utilities	762,985	762,985	691,062	748,024	748,024	600,353
Port of Salem Revenue	141,923	141,923	101,538	139,140	139,140	119,289
Miscellaneous	497,220	497,220	1,045,675	487,471	487,471	958,682
Total Marine Related	<u>2,006,065</u>	<u>2,006,065</u>	<u>2,473,268</u>	<u>1,966,730</u>	<u>1,966,730</u>	<u>2,288,214</u>
Other Income:						
Income on Investments	152,032	152,032	56,445	149,050	149,050	61,389
Miscellaneous	170,382	170,382	3,753,216	167,042	167,042	3,953,907
Total Other Income	<u>322,414</u>	<u>322,414</u>	<u>3,809,661</u>	<u>316,092</u>	<u>316,092</u>	<u>4,015,296</u>
Grant Revenue			2,887,296			670,143
Total Revenues	<u>\$24,188,377</u>	<u>24,188,377</u>	<u>31,598,422</u>	<u>\$23,714,095</u>	<u>23,714,095</u>	<u>28,462,895</u>
Operating Expenses:						
Port Operations:						
Labor Expense:						
Labor Crane	307,294	307,294	356,416	301,268	301,268	311,859
Labor Handling	1,725,693	1,725,693	2,316,021	1,691,856	1,691,856	2,328,862
Labor Repairs & Maintenance	1,138,581	1,138,581	829,981	1,116,256	1,116,256	855,980
Security	788,097	788,097	920,273	772,644	772,644	964,777
Supervisors	647,021	647,021	595,285	634,334	634,334	707,288
Total Labor Expense	<u>4,606,686</u>	<u>4,606,686</u>	<u>5,017,976</u>	<u>4,516,358</u>	<u>4,516,358</u>	<u>5,168,766</u>
Payroll Taxes	511,396	511,396	495,461	501,369	501,369	483,558
Workers Compensation Insurance	484,865	484,865	658,100	475,358	475,358	395,003
Employee Benefits:						
Hospitalization	2,067,023	2,067,023	1,187,245	2,026,493	2,026,493	976,740
Vacation, Holiday, Sick, Pension	516,909	516,909	1,142,970	506,774	506,774	1,129,574
Miscellaneous Employer Expenses	42,400	42,400	80,378	41,569	41,569	59,462
Total Employee Benefits	<u>3,622,593</u>	<u>3,622,593</u>	<u>3,564,154</u>	<u>3,551,563</u>	<u>3,551,563</u>	<u>3,044,337</u>
Crane Rental - Gas & Oil	105,536	105,536	460,819	103,467	103,467	294,930

**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**ACTUAL COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
Handling:						
Gas & Oil	255,383	255,383	-	250,375	250,375	15,983
Miscellaneous	80,840	80,840	114,015	79,255	79,255	31,811
Trucking Expenses	59,947	59,947	15,560	58,772	58,772	19,123
Clerking & Checking	2,007,814	2,007,814	2,866,453	1,968,445	1,968,445	2,708,875
Total Handling	2,403,984	2,403,984	2,996,028	2,356,847	2,356,847	2,775,792
Rental of Equipment	36,277	36,277	546,706	35,565	35,565	55,000
Trash Removal	143,587	143,587	240,200	140,770	140,770	355,860
Security:						
Contracted Services	26,710	26,710	120,737	26,186	26,186	61,599
Other Expenses	23,573	23,573		23,111	23,111	
Total Security	50,283	50,283	120,737	49,297	49,297	61,599
Port of Salem Operations	65,318	65,318	64,190	64,038	64,038	63,179
Utilities	1,612,365	1,612,365	1,177,977	1,580,750	1,580,750	1,371,653
Total Port Operations	12,646,629	12,646,629	14,188,787	12,398,655	12,398,655	13,191,116
Repairs & Maintenance:						
Buildings & Grounds:						
Contracted	1,295,618	1,295,618	162,308	289,821	289,821	247,613
Fees & Permits	23,562	23,562	163,582	23,100	23,100	27,125
Materials	353,522	353,522	196,861	346,591	346,591	157,817
Total Buildings & Grounds	1,672,702	1,672,702	522,751	659,512	659,512	432,555
Cranes:						
Contracted	123,314	123,314	114,879	120,896	120,896	108,025
Materials	137,727	137,727	43,520	135,026	135,026	44,749
Total Cranes	261,041	261,041	158,399	255,922	255,922	152,774
Mobile Machinery & Equipment:						
Contracted	43,305	43,305	82,587	42,456	42,456	178,600
Equipment	36,521	36,521	8,883	35,805	35,805	14,805
Vehicles	200,000	200,000	-	-	-	-
Materials	238,740	238,740	301,093	234,059	234,059	760,351
Small Tools	22,592	22,592	88,109	22,148	22,148	129,177
Total Mobile Machinery & Equipment	541,158	541,158	480,672	334,468	334,468	1,082,933
Total Repairs & Maintenance	2,474,901	2,474,901	1,161,822	1,249,902	1,249,902	1,668,262

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

	2022			2021		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
General & Administrative:						
Labor - Office Clerical & Related	957,441	957,441	1,078,296	938,668	938,668	867,732
Labor - Administrative	1,179,603	1,179,603	842,890	1,033,924	1,033,924	758,471
Payroll Taxes	211,981	211,981	185,385	198,021	198,021	158,150
Workmen's Compensation	4,866	4,866	37,711	4,770	4,770	6,000
Employee Benefits:						
Hospitalization	948,663	948,663	839,474	910,454	910,454	835,076
Pension	727,159	727,159	915,080	707,018	707,018	766,898
Insurance	1,823,872	1,823,872	1,782,080	1,788,112	1,788,112	1,698,199
Professional Fees	797,368	797,368	1,699,435	781,734	781,734	1,449,412
Miscellaneous	878,274	878,274	869,598	861,052	861,052	562,189
Telephone	53,548	53,548	117,968	52,498	52,498	102,984
Utilities	34,460	34,460	32,400	33,785	33,785	32,400
Bad Debt	66,245	66,245	36,000	64,946	64,946	36,000
Total General & Administrative	<u>7,683,480</u>	<u>7,683,480</u>	<u>8,436,317</u>	<u>7,374,982</u>	<u>7,374,982</u>	<u>7,273,511</u>
Grant Expenses			2,887,296			670,143
Total Operating Expenses	<u>22,805,010</u>	<u>22,805,010</u>	<u>26,674,222</u>	<u>21,023,539</u>	<u>21,023,539</u>	<u>22,803,032</u>
Operating Income Before Other						
Operating Expenses	<u>\$1,383,367</u>	<u>1,383,367</u>	<u>4,924,200</u>	<u>\$2,690,556</u>	<u>2,690,556</u>	<u>5,659,863</u>
Adjustments to Reconcile Excess Revenues Over						
Expenditures to GAAP Basis for Change in Net Position:						
Decreased by:						
Depreciation			<u>9,686,693</u>			<u>9,298,436</u>
Operating Income/(Loss)/After Other Operating						
Expenses (Exhibit A-2)			<u>(4,762,493)</u>			<u>(3,638,573)</u>

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**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF REVENUE BONDS PAYABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE		ISSUED	DECREASED	BALANCE DECEMBER 31, 2022
	DATE	AMOUNT		DATE	AMOUNT	DECEMBER 31, 2021	DECEMBER 31, 2022			
Marine Terminal Bonds, Series 2009 P	12/30/09	\$ 157,880,000	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						
					120,215,000				4,115,000	\$ 120,215,000
Marine Terminal Bonds, Series 2012 Q	10/17/12	60,060,000	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, 2021	ISSUED	DECREASED	BALANCE DECEMBER 31, 2022
	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>25,670,000</u>	\$ 28,720,000		3,050,000	\$ 25,670,000
Marine Terminal Bonds, Series 2012 R	10/17/12	16,050,000	4.00%	2023	1,670,000				
			4.00%	2024	900,000				
				<u>2,570,000</u>	4,170,000		1,600,000	2,570,000	
Marine Terminal Bonds, Series 2016 S	09/29/16	40,320,000	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>33,340,000</u>	\$ 34,925,000		1,585,000	\$ 33,340,000	



**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF REVENUE BONDS PAYABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

PURPOSE	ORIGINAL DATE	AMOUNT	INTEREST RATE	MATURITIES DATE	AMOUNT	BALANCE DECEMBER 31, 2021	ISSUED	DECREASED	BALANCE DECEMBER 31, 2022
Marine Terminal Bonds, Series 2017 A	11/16/17	23,860,000	5.00%	2048	2,910,000				
			5.00%	2049	20,950,000				
		23,860,000				\$ 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				
		231,140,000				231,140,000			231,140,000
		Total			\$ 447,145,000		-	10,350,000	\$ 436,795,000
					Add: Unamortized Premium	19,403,798			18,465,818
					Less: Due Within One Year	10,350,000			10,835,000
					Balance	\$ 456,198,798			\$ 444,425,818

**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF NET POSITION**  
**DECEMBER 31, 2022**

ASSETS	RESTRICTED					TOTAL
	UNRESTRICTED OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE ACCOUNT	MAINTENANCE RESERVE ACCOUNT	CONSTRUCTION ACCOUNT	
Current Assets:						
Cash & Cash Equivalents	\$6,739,018		22,266,492	16,638	81,740,896	5,386
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$569,488)	2,611,538		27,810,000			
Due from State						
Other Accounts Receivable	35,869,974				388,645	
Grant Receivable					5,339	
Prepaid Expenses	118,425					
Tenant Security Deposit	27,274					
Inventory of Supplies	1,185,416					
Interfund Accounts Receivable	357,592,798	81,776,374	313,607,087	494,889	1,305	
Total Current Assets	404,144,443	81,776,374	363,683,579	511,527	82,136,185	5,386
Property, Plant & Equipment (Note 5)					401,184,668	
Construction in Progress					198,819,883	
Bond Financing Costs					9,159,938	
Subtotal					609,164,489	
Accumulated Depreciation & Amortization					150,821,638	
Total Property, Plant & Equipment & Construction in Progress					458,342,851	
Total Assets	404,144,443	81,776,374	363,683,579	511,527	540,479,036	5,386
DEFERRED OUTFLOW OF RESOURCES						
Pension & OPEB Deferred Outflows	10,911,359					
Bond Discount, Net of Accumulated Amortization					152,522	
Total Deferred Outflows of Resources	10,911,359				152,522	
Total Assets and Deferred Outflows of Resources	\$415,055,802	81,776,374	363,683,579	511,527	540,631,558	5,386

**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF NET POSITION**  
**DECEMBER 31, 2022**

LIABILITIES	RESTRICTED					TOTAL
	UNRESTRICTED OPERATING ACCOUNTS	DEBT		MAINTENANCE RESERVE ACCOUNT	TAX RESERVE ACCOUNT	
		DEBT SERVICE ACCOUNT	SERVICE RESERVE ACCOUNT			
Current Liabilities Payable from Assets:						
Accounts Payable	260,572					260,572
Contracts Payable				1,170,229		1,170,229
Lease Payable				2,395,338		2,395,338
Accrued Expenses	289,090					289,090
Accrued Interest Payable		11,963,848				11,963,848
Accrued Vacation Payable	163,696					163,696
Pension Payable	1,035,629					1,035,629
Payroll Taxes Payable	113,988					113,988
Lease Security & Escrow Deposits	251,394					251,394
Revenue Bonds - Short Term				10,835,000		10,835,000
Interfund Accounts Payable	340,643,773	69,812,526	329,168,221	1,352	13,841,195	753,472,453
Total Current Liabilities	342,758,142	81,776,374	329,168,221	1,352	28,241,762	781,951,237
Long Term Liabilities Payable:						
Vacation Payable	28,025					28,025
Early Retirement Payable	1,118,331					1,118,331
Unearned Revenue				37,515,908		37,515,908
Net Pension Payable	11,358,084					11,358,084
OPEB Payable	22,646,416					22,646,416
Revenue Bonds (Long-Term Portion)				444,425,818		444,425,818
Lease Payable				2,239,653		2,239,653
Total Long Term Liabilities	35,150,856			484,181,379		519,332,235
Total Liabilities	377,908,998	81,776,374	329,168,221	1,352	512,423,141	1,301,283,472
DEFERRED INFLOWS OF RESOURCES						
Service Concession Arrangements	445,426					445,426
Unrealized Rental Income	9,397,537					9,397,537
Gain on Bond Refunding				295,652		295,652
Pension and OPEB Deferred Inflows	50,615,528					50,615,528
Total Deferred Inflows of Resources	60,458,491			295,652		60,754,143
NET POSITION						
Net Investment in Capital Assets				510,175	27,912,765	28,422,940
Reserve for Payment of Debt Service			34,515,358			34,515,358
Reserve for Inventory Supplies	1,185,416					1,185,416
Unreserved	(24,497,103)					(24,497,103)
Net Position	(23,311,687)	-	34,515,358	510,175	27,912,765	39,626,611
Total Liabilities, Deferred Inflows of Resources and Net Position	\$415,055,802	81,776,374	363,683,579	511,527	540,631,558	1,401,664,226

**SOUTH JERSEY PORT CORPORATION**  
**SCHEDULE OF CHANGES IN NET POSITION ALL ACCOUNTS**  
**DECEMBER 31, 2022**

	OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE	MAINTENANCE RESERVE	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT	TOTAL
Net Position - Beginning Balance, As Restated	\$ (23,393,988)		34,515,358	510,175	24,180,024		\$ 35,811,569
Add:							
Excess of Revenue Over Expenses	4,924,200						4,924,200
State of New Jersey:							
Debt Service Aid			27,810,000				27,810,000
PILOT Payments						5,100,224	5,100,224
Federal Subsidy Revenue	2,772,373						2,772,373
Net Change in Escrow Reserves	7,313						7,313
Insurance Proceeds					190,546		190,546
Amortization Gain on Refunding of Debt	17,391						17,391
Amortization of Bond Premium	937,980						937,980
Interest on Investments			216,978		1,253,679		1,470,657
Unrealized Gain on Investment			197,857				197,857
Interfund Transfers		23,989,109			12,506,236		36,495,345
<b>Total</b>	<b>(14,734,731)</b>	<b>23,989,109</b>	<b>62,740,193</b>	<b>510,175</b>	<b>38,130,485</b>	<b>5,100,224</b>	<b>115,735,455</b>
Deduct:							
Interest Expense	134,310	23,989,109					24,123,419
Depreciation/Amortization Expense					9,645,197		9,645,197
Net Change in Reserve for Payment of Debt Service							
Gain/(Loss) on Sale of Assets							
Unrealized Loss on Investment					531,027		531,027
Amortization of Bond Discount on Refunding	8,972						8,972
Inventory of Supplies	163,164						163,164
Transfer of Depreciation to Contributed Capital					41,496		41,496
Camden City PILOT Payment						4,000,000	4,000,000
Camden County PILOT Payment						419,000	419,000
Gloucester County PILOT Payment						150,000	150,000
Paulsboro PILOT Payment						500,000	500,000
Salem PILOT Payment						31,224	31,224
Interfund Transfers	8,270,510		28,224,835				36,495,345
<b>Total</b>	<b>8,576,956</b>	<b>23,989,109</b>	<b>28,224,835</b>	<b>510,175</b>	<b>10,217,720</b>	<b>5,100,224</b>	<b>76,108,844</b>
Net Position December 31, 2021	(\$23,311,687)	-	34,515,358	510,175	27,912,765	-	39,626,611

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Corporation's Proportion of the Net Pension Liability (Asset)	0.08143%	0.08036%	0.07104%	0.07415%	0.08067%	0.08310%	0.05163%	0.03065%	0.02804%	0.03179%
Corporation's Proportionate Share of the Net Pension Liability (Asset)	\$12,393,713	\$9,621,245	\$11,675,687	\$13,452,879	\$15,883,939	\$19,345,036	\$23,837,140	\$14,148,921	\$10,891,967	\$12,209,327
Corporation's Covered Employee Payroll	\$6,662,177	\$6,115,751	\$5,662,678	\$5,155,366	\$5,340,585	\$5,485,730	\$5,536,764	\$5,341,347	\$4,500,529	\$4,061,183
Corporation's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	186.03%	157.32%	206.19%	260.95%	297.42%	352.64%	430.52%	264.89%	242.02%	300.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$1,035,629	\$951,133	\$783,241	\$726,237	\$802,427	\$769,860	\$541,887	\$479,587	\$481,346	\$445,119
Contributions in Relation to the Actuarially Determined Contributions	1,035,629	951,133	783,241	726,237	802,427	769,860	541,887	479,587	481,346	445,119
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered-Employee Payroll	\$6,662,177	\$6,115,751	\$5,662,678	\$5,155,366	\$5,340,585	\$5,485,730	\$5,536,764	\$5,341,347	\$4,500,529	\$4,061,183
Contributions as a Percentage of Covered-Employee Payroll	15.545%	15.552%	13.832%	14.087%	15.025%	14.034%	9.787%	8.979%	10.695%	10.960%

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

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net OPEB liability	0.140229%	0.126008%	0.125720%	0.112670%	0.120699%	0.123908%	0.139036%	0.139036%	0.139036%	0.139036%
Proportionate share of net OPEB liability	\$ 22,646,416	\$ 22,681,164	\$ 22,562,482	\$ 15,262,358	\$ 18,909,451	\$ 25,296,796	\$ 30,195,094	\$ 30,195,094	\$ 30,195,094	\$ 30,195,094
Corporation's covered employee payroll	\$ 7,543,006	\$ 7,187,672	\$ 6,647,960	\$ 5,961,503	\$ 6,512,543	\$ 6,602,272	\$ 6,561,457	\$ 6,561,457	\$ 6,561,457	\$ 6,561,457
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	300.23%	315.56%	339.39%	256.02%	290.35%	383.15%	460.19%	460.19%	460.19%	460.19%
Plan Fiduciary Net Position as a % of total OPEB liability	-0.36%	0.28%	0.91%	1.98%	1.97%	1.03%	0.69%	0.69%	0.69%	0.69%

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

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

**SOUTH JERSEY PORT CORPORATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III**  
**YEAR ENDED DECEMBER 31, 2022**

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

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - None

**State Health Benefit Local Education Retired Employees Plan (OPEB)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 2.16% as of June 30, 2021, to 3.54% as of June 30, 2022.



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**SINGLE AUDIT SECTION**



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

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

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

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

***Opinion on Each Major State Program***

We have audited the South Jersey Port Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of South Jersey Port Corporation's major state programs for the year ended December 31, 2022. South Jersey Port Corporation’s major state programs are identified in the *Summary of Auditor’s Results Section* of the accompanying schedule of findings and questioned costs.

In our opinion, South Jersey Port Corporation (the “Corporation”), a component unit of the State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey OMB Circular 15-08; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

609-456-8804  
39 Paddock Lane, Cinnaminson, NJ 08077

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

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

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

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

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

We have audited the financial statements of the South Jersey Port Corporation as of and for the year ended December 31, 2022, and have issued my report thereon dated October 6, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by New Jersey OMB Circular 15-08 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

Respectfully submitted,



Brent W. Lee  
Certified Public Accountant

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**SOUTH JERSEY PORT CORPORATION  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT DECEMBER 31, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	UNEARNED REVENUE/ PAYABLE AT DECEMBER 31, 2022	MEMO CUMULATIVE TOTAL EXPENDITURES
<b>Department of Environmental Protection</b> DEP Equipment Modernization Program VW Project	22-72W-042-4892-001-V7K2-6130 39990770	6,594,814	09/01/21 - 09/01/24	\$ -	4,946,110	(2,148,632)	2,797,478	\$ 2,148,632
<b>Department of the Treasury</b> Windport Upgrades and Improvements Project	N/A	35,000,000	07/01/21 - 12/31/26		35,000,000	(281,570)	34,718,430	281,570
<b>New Jersey Economic Development Authority</b> New Jersey Wind Port Project	N/A	150,000	05/04/21 - 05/04/23		59,340	(59,340)		59,340
<b>Department of Transportation:</b> Rail Freight Assistance Program	20-35262	500,821	11/17/20 - 12/26/23		181,193	(181,193)	-	181,193
Total State Financial Assistance				\$ -	40,186,643	(2,670,735)	37,515,908	\$ 2,670,735

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

**SOUTH JERSEY PORT CORPORATION**  
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**1. General**

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

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

**2. Basis of Accounting**

The accompanying schedule of expenditures of state awards is presented using the basis of accounting as described in Note 1 to the Corporation's financial statements. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and *Single Audit Policy for Recipients of Federal Grants, State Grants* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of State Grants and State Aid*, and *Audits of States, Local Governments, and Non-profit Organizations*.

**3. Relationship to Basic Financial Statements**

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

**4. Relationship to State Financial Reports**

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



**SOUTH JERSEY PORT CORPORATION  
 (COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
 SCHEDULE OF FINDINGS & QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2022**

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

**Financial Statements**

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

**State Awards**

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

**Identification of major programs:**

<b>Grant Number(s)</b>	<b>Name of State Program or Cluster</b>
22-72W-0424892-001-VK2-6130 39990770	DEP equipment Modernization VW Project
Dollar threshold used to distinguish between Type A Programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**SOUTH JERSEY PORT CORPORATION  
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Section II — Financial Statement Findings**

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

None Noted

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

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

None Noted

**Summary of Prior Year Findings**

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

None Noted



## South Jersey Port Corporation

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