2010

SOUTH JERSEY PORT CORPORATION

Financial Report

EXECUTIVE ORDER #37 (2006)

Certification of Annual Audit for Year Ending 2010

WE ARE PLEASED TO PRESENT this report containing a record of the significant actions taken by the Port Corporation in 2010; those 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 2010.

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, 2010.

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.

Joseph A. Balzano, CEO and Executive Director
Patrick A. Abusi, Treasurer

INDEPENDENT AUDITOR'S REPORT

Holman & Frenia, P.C.

Board of Directors of the South Jersey Port Corporation
County of Camden
2nd & Beckett Streets
Camden, New Jersey 08103

WE HAVE AUDITED THE ACCOMPANYING financial statements of the business-type activities of the South Jersey Port Corporation a component unit of the State of New Jersey, County of Camden, State of New Jersey, as of and for the year ended December 31, 2010 and 2009, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the South Jersey Port Corporation, a component unit of the State of New Jersey, County of Camden, State of New Jersey, as of December 31, 2010 and 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2011, on our consideration of the South Jersey Port Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 13 and supplementary information on pages 55 through 57 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,

INDEPENDENT AUDITOR'S REPORT, continued

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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the South Jersey Port Corporation's basic financial statements. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

HOLMAN & FRENIA, P. C.
Certified Public Accountants

Medford, New Jersey
March 4, 2011

Holman & Frenia, P.C.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE 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
2nd & Beckett Streets
Camden, New Jersey 08103

WE HAVE AUDITED THE FINANCIAL STATEMENTS of the South Jersey Port Corporation, a component unit of the State of New Jersey, County of Camden, State of New Jersey, as of and for the fiscal year ended December 31, 2010, and have issued our report thereon dated March 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the South Jersey Port Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Jersey Port Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Jersey Port Corporation's internal control over financial reporting.

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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the South Jersey Port Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)

was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information and use of the South Jersey Port Corporation's management and members, others within the entity, and the Division of Local Government Services, state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HOLMAN & FRENIA, P. C.
Certified Public Accountants

Medford, New Jersey
March 4, 2011

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, 2010.

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 Beckett Street Terminal and Broadway Terminal facilities in the City of Camden and the Port of Salem in the City of Salem. The Port Corporation reports to the State of New Jersey through the Department of the Treasury.

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

The South Jersey Port Corporation is presently undertaking the development of a new marine terminal in Gloucester County, New Jersey. This project consists of the establishment, acquisition, construction, rehabilitation, improvement, ownership, operation and maintenance of a Marine Terminal to be located in the Borough of Paulsboro.

Approximately 2.32 million tons of cargo passed through the Port Corporation's facilities in 2010. 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 lease 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 lease 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 filling in the same manner as the original appointment, but for the unexpired term only.

FINANCIAL HIGHLIGHTS

The assets of the Port exceeded its liabilities at December 31, 2010 by $37,876,712. Included in this amount are $5,225,432 invested in capital assets, net of related debt. Also included are $25,728,619 reserved for debt service payment, reserve for supply of inventories on hand of $1,403,216, and unreserved retained earnings of $5,519,445.

On December 1, 2002 the Port restructured its long term debt by refunding its Marine Terminal Revenue Bonds. It issued two new Series of Bonds totaling $121,325,000. On October 16, 2003 the Port issued an additional $11,305,000 in Marine Terminal Revenue Bonds. The net proceeds of $11,218,000 were utilized for specific capital projects that have been completed. On November 20, 2007 the Port issued $11,235,000 in Marine Terminal Bonds for the purpose of implementing certain capital projects of the Corporation. A majority of these funds would be funding the Paulsboro Marine Terminal. Cathodic Protection and Warehouse Replacement were also part of that issue. The net proceeds from the sale of the 2007 Series N Bonds were $11,122,650. On January 22, 2009, The Port Issued $25,885,000 in Marine Terminal Revenue Bonds, 2009 Series O Bonds. The majority of these funds would be for funding the site work for the Paulsboro Marine Terminal. The balance of the funds the Corporation would be doing other capital improvements for the Port and as well as land acquisition. The net proceeds from the sale of the 2009 Series O Bonds issue were $ 23,423,461. On December 30, 2009, the Port issued $ 157,880,000 in Marine Terminal Revenue Bonds in the Series P Bond issue. The funding for this project is for the construction of Phase I of the Paulsboro Marine Terminal. More than $ 134.4 million dollars of the Series P Bond proceeds will be available for the marine terminal project; this will provide sufficient funds for the construction of two deep water berths and integrated infrastructure. The balance of the Bond proceeds will be used to fund the required Debt Service Reserve, and capitalized interest through January 1, 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of revenues and expenses and changes in net assets 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 exceeded Port liabilities by $37,876,712 and $49,337,672 at December 31, 2010 and 2009, respectively.

PORT'S NET ASSETS

ASSETS	2010	2009
Current & Other Assets	$203,619,082	$218,735,171
Capital Assets (Net)	208,342,036	151,811,923
Total Assets	411,961,118	370,547,094
LIABIILITIES		
Current Liabilities	77,025,364	20,749,990
Long-Term Liabilities	297,049,042	300,459,4432
Total Liabilities	374,084,406	321,209,42
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	5,225,432	7,948,768
Restricted for:		
Reserve for Payment of Debt Service	25,728,619	25,728,619
Reserve for Inventory Supplies	1,403,216	1,394,808
Unrestricted:	5,519,445	14,255,477
Total Net Assets	$37,876,712	$49,337,672

A portion of the Port's net assets reflects its 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 $5,225,432 reflects the current capital assets net of related debt. An additional portion of the Port's net assets 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 assets are available for any Port related use.

PORT ACTIVITIES

Port activity for 2010 and 2009 resulting in operating income before depreciation and amortization is $2,206,697 and $1,236,824 respectively.

PORT CHANGES IN NET ASSETS

	2010	2009
Operating Revenues:		
Handling	$3,091,161	$2,633,344
Leasing	8,420,365	7,878,968
Dockage & Wharfage	4,169,726	4,474,413
Storage	750,840	1,043,660
Crane	1,202,252	1,259,581
Other	875,615	405,288
Total Operating Revenues	$18,509,959	$17,695,254
General Operating	$9,897,334	$9,963,468
Repair & Maintenance	714,766	774,886
General & Administrative	5,691,162	5,720,076
Total Operating Expenses	16,303,262	16,458,430
Operating Income Before Other Operating Expenses	2,206,697	1,236,824
Other Operating Expenses:		
Depreciation	5,281,958	5,230,679
Operating Gain/(Loss)	(3,075,261)	(3,993,855)
Non-Operating Revenues/(Expenses)		
Interest On Investments	421,403	166,535
Insurance Proceeds		
Grant Revenue	318,066	2,078,575
Unrealized Gain/(Loss) On Investment	19,068	312,148
Federal Subsidy Revenue	3,255,670	
Loss On Disposal Of Assets		
Bond Interest	(17,395,203)	(7,003,622)
Net Non-Operating Expenses	(13,380,996)	(4,446,364)
Net Loss Before Transfer Of Depreciation to Contributed Capital	(16,456,257)	(8,440,219)
Transfer of Depreciation to Contributed Capital	211,963	219,436
Net Loss Before Operating Transfers	(16,244,294)	(8,220,783)

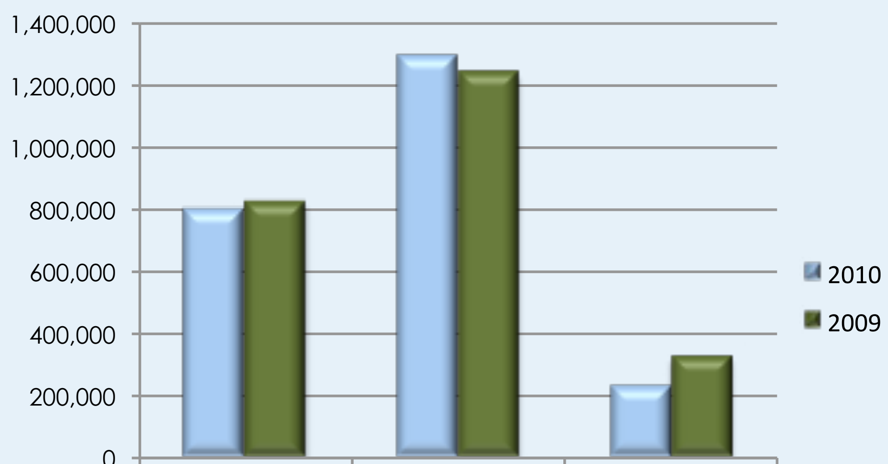
PORT CHANGES IN NET ASSETS

	2010	2009
Operating Transfers To/From State of New Jersey/Other:		
Debt Service Aid	7,013,2890	11,529,423
City of Camden PILOT Revenues	4,000,000	4,000,000
City of Camden PILOT Expenditures	(4,000,000)	(4,000,000)
County of Camden PILOT Revenues		419,000
County of Camden PILOT Expenditures		(419,000)
City of Salem PILOT Revenues		31,225
City of Salem PILOT Expenditures		(31,225)
Borough of Paulsboro PILOT Revenue	500,000	500,000
Borough of Paulsboro PILOT Expenditures	(500,000)	(500,000)
County of Gloucester PILOT Revenue	150,000	150,000
County of Gloucester PILOT Expenditures	(150,000)	(150,000)
Change in Inventory of Supplies	8,408	(27,036)
Total Operating Transfers	7,021,697	11,502,387
Net Income/(Loss)	(9,222,597)	3,281,604
Net Assets/(Deficit) - January 1, As Previously Stated	48,451,301	45,169,697
Prior Period Adjustment	(2,035,000)	
Net Assets/(Deficit) - January 1, As Restated	46,416,301	45,169,697
Net Assets/(Deficit) - December 31	37,193,704	48,451,301
Contributed Capital, January 1	886,371	969,307
Contributions	8,600	136,500
Depreciation	(211,963)	(219,436)
Contributed Capital, December 31	683,008	886,371
Net Assets - December 31	$37,876,712	$49,337,672

CARGO TONNAGE

The South Jersey Port Corporation activity for 2010 totaled 2,314,680 tons. This is a decrease of 3% as compared to 2009.

CARGO TONNAGE BY CARGO TYPE



	Breakbulk	Bulk	Containers
2010	795,894	1,289,092	228,884
2009	821,308	1,239,425	325,250

BREAKBULK

Breakbulk activity for 2010 finished 3% or 25,414 tons lower when compared to 2009 Port Totals. This was due primarily to the decrease of General Cargo by 81% or 8,937 tons; Rubber Activity decreased by 100% or 6,711 tons; Cocoa Beans decreased by 41% or 68,898 tons and Fruit decreased by 14% or 49,094 tons. Meanwhile, Steel increased by 43% or 86,526 tons, and Wood Products increased by 39% or 34,672 tons.

BULK

Overall Bulk activity increased by 4% or 50,477 tons in 2010 when compared to 2009 totals. For the year 2010, Cement increased by 91% or 181,265 tons. Grancem® increased by 41% or 23,327 tons in 2010 over 2009. Salt imports increased by 32% or 22,327 tons during the year. The 717,986 tons of exported scrap metals in 2010 represents a 20% or 184,272 ton decrease from 2009. Scrap metal activity represents a significant percentage of the Port's annual revenues and corresponding operating net income. Revenue is generated by port fees on cargo and ship activity such as dockage, wharfage, crane rental, in addition to lease rental. There are minimal port expenses such as labor associated with scrap metal and other bulk commodities. Urea tonnage also declined during the year in the amount of 4,951 tons or 43% from prior year. There were no tonnages for sand, potash, magnesite ore, and iron ore in 2010 which was consistent with 2009.

CONTAINERS

Container activity decreased by 30% or 96,366 tons in 2010 as compared to 2009.

THE PORT OF SALEM

The Port of Salem did not move any material during 2010 due to their litigation appealing a Planning Board denial of their mining site. During 2010, this litigation was settled and necessary approvals obtained to proceed with mining operations. The Port of Salem is currently in the process of preparing the site and plan to begin moving product in the near future.

OTHER ACTIVITY

Ship calls totaled 213 for the year ended 2010, 7 more or 3% higher than 2009. Ship days in 2010 totaled 506, a 17% decrease or 8 days more than the same period in 2009.

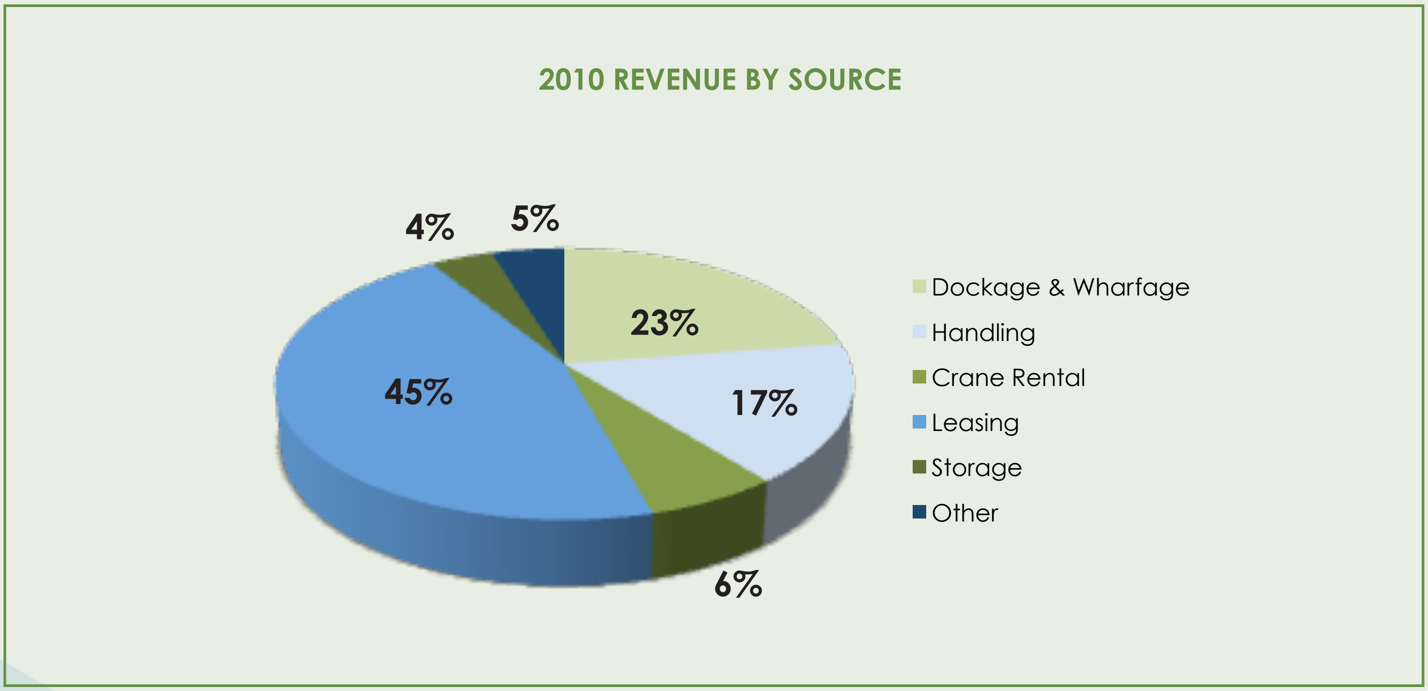
OPERATING REVENUES

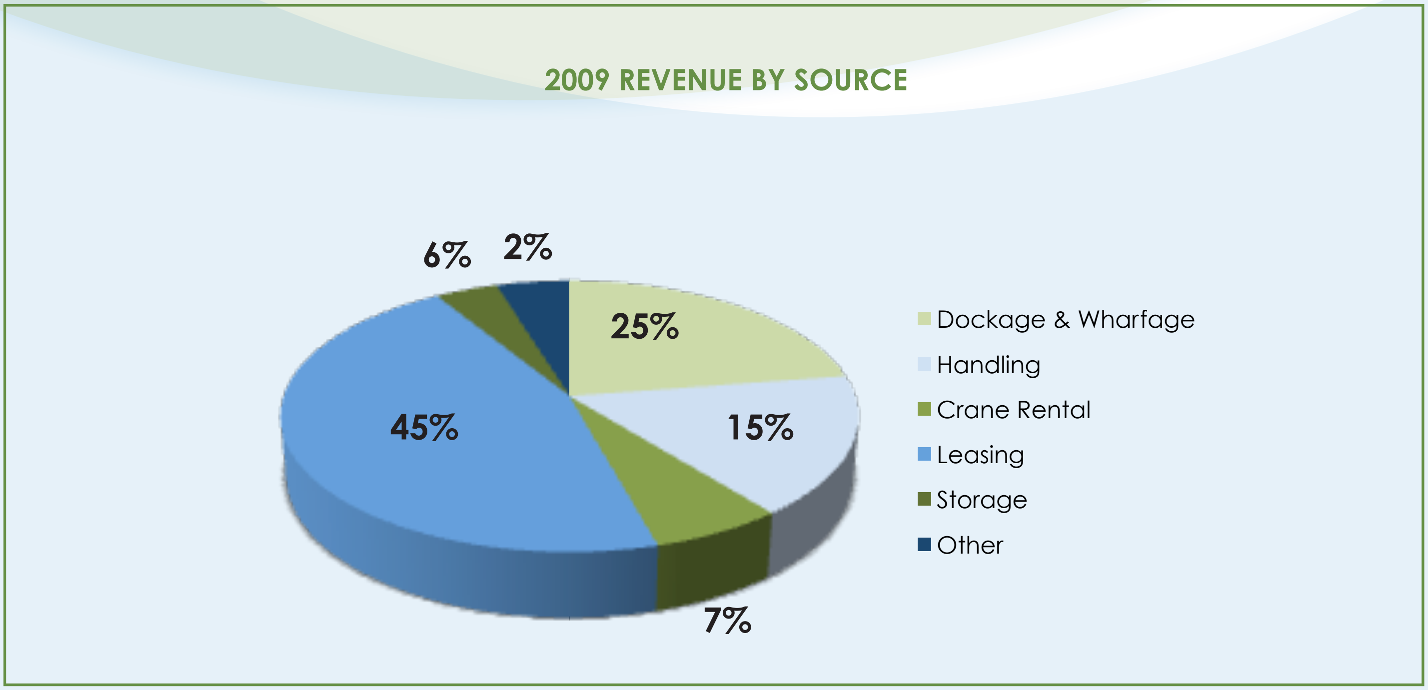
The Port Corporation generated $18,509,959 total in operating revenues in 2010. This represents an overall increase of $814,705 or 5% over 2009 totals.

In 2010, lease revenues increased by $541,397 or 7% increase over 2009 totals. This increase was due primarily to the revenue recognized by Holcim's tonnage shortfall guarantee in the amount of 868,001. The overall CPI for 2010 was an increase of 1.2%.

Dockage and Wharfage revenue decreased by $304,687 or 7% in 2010 compared to 2009 which was due to the decline in cargo and ship calls. Handling revenue increased in 2010 by $457,817 or 17% because of the increase in Steel & Wood products. Storage revenue decreased by $292,820 or 28% when compared to 2009 totals. This was due to products being on premises for shorter periods of time in 2010. Crane rental revenues decreased by 57,319 or 5% when compared to 2009. This was due to tonnage being down from 2009. Other income increased by $470,327 or 116% due in large part to higher interest earnings as a result of cash on deposit being greater in 2010 than 2009.

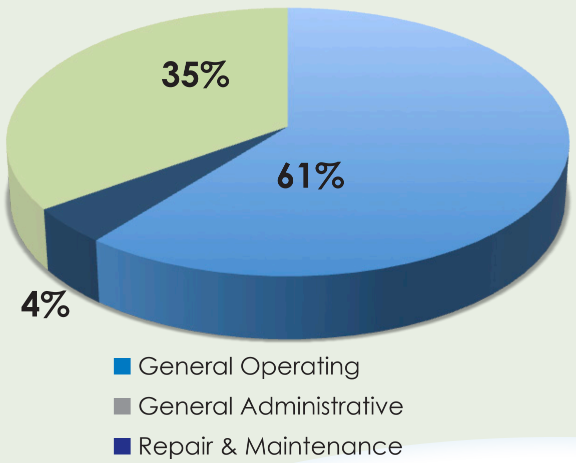
REVENUES BY SOURCE



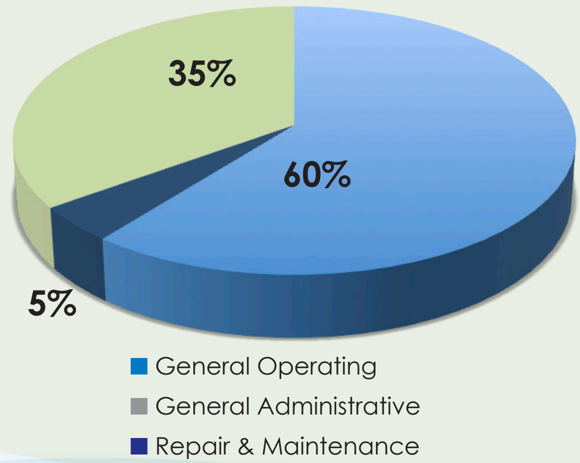


OPERATING EXPENSES

2010 OPERATING EXPENSES



2009 OPERATING EXPENSES



Total Corporation operating expenses were $16,303,262 in 2010, a decrease of $155,168 or 1% when compared to 2009, due in large part to a decrease in cargo at the Port in 2010.

Total Port Operation expense was reduced by $66,134 or .66% from 2009. Operating labor increased by $307,252 or 9% when compared to 2009. Operational employee benefits expense decreased by $327,525 or 18% less than 2009 totals. The majority of this decrease was due to a decrease in hospitalization of $137,887 or 11% and vacation & sick pay decreased by $151,844 or 32% less than 2009. Gas and oil expense for crane rental decreased in 2010 by $22,216 or 33% when compared to 2009. Handling expense increased by $285,399 or 27%. Trash removal increased by $15,715 or 24%. Lease agreement expense decreased by 100% due to the ten year lease with the Ports of Philadelphia & Camden expiration in March 2009. Security expenses decreased in 2010 by $9,800 or 39% when compared to 2009. The Port of Salem expenses increased by $616 or 1.25%. Rental of equipment increased by $6,381 or 80% when compared to 2009. The majority of the reductions noted above were due in large part to the current business conditions and reductions in staff.

Total Repairs and Maintenance expenses decreased by $60,120 or 8% in 2010 over 2009. Building and grounds repair and maintenance were decreased by $89,333 or 21% from 2009 totals. This decrease was due to unexpected expenses associated with a pier collapse in 2009 and not in 2010. Crane repair and maintenance was reduced by $569 or .3% from 2009. Mobile machinery and equipment repairs and maintenance was reduced by $29,782 or 16%. The majority of these reductions were due to the current business conditions.

Overall, General & Administrative expenses in 2010 decreased by $28,914 or 1% in comparison to 2009. Pension expense decreased by $34,163 or 6%. General insurance costs increased by $73,004 or 5%. Labor for office clerical decreased by $49,015 or 6% from 2009. Administrative labor increased by $37,911 or 6% when compared to 2009. Payroll taxes decreased by $5,484 or 4% and Worker's Compensation decreased by $353 or 8% when compared to 2009. The Port itself is self insured for health care benefits up to $40,000 per employee. After the target amount is reached, health care reinsurance is triggered. The decreased cost for hospitalization claims of $86,350 or 12% less than 2009 is due in large part to a reduction in staff. Professional fees decreased by $7,869 or 9% when compared to 2009. Miscellaneous expenses were increased by $39,114 or 11% from 2009. Telephone expenses decreased by $8,830 or 14% due to usage and bad debt expense increased by $15,591 in 2010 compared to 2009.

Overall utility expense for ports operations and general and administrative expenses decreased by $225,688 or 8% when compared to 2009 totals.

CAPITAL ASSETS

The Ports investment in Capital assets as of December 31, 2010 is $ 208,342,036 or 37% increase (net of accumulated depreciation) over 2009 totals.

The investment in capital assets include land, buildings, piers and berth's, and machinery and equipment. Net capital assets increased by $56,530,113 in 2010 over 2009. Annual depreciation and amortization reduced net property, plant and equipment.

CAPITAL ASSETS

	2010	2009
Land	$18,235,314	$18,235,317
Building & Improvements	43,943,179	43,882,683
Land Improvements	105,813,967	105,813,967
Equipment	24,145,831	24,015296
Engineering & Other	7,135,677	7,135,677
Financing Cost	9,159,938	9,159,938
Subtotal		$208,433,909
$208,242,878		
Less: Accumulated Depreciation & Amortization	94,427,409	89,091,084
Subtotal	114,006,500	119,151,794
Construction in Progress	78,297,095	16,720,754
Bond Discount & Finance	16,038,441	15,939,375
Total	$208,342,036	$151,811,923

CONSTRUCTION IN PROGRESS

The Corporation's construction in progress consists of the following: Cathodic Protection in the amount of $3,500,000, Paulsboro MarineTerminal Project for Bond Series N in the amount of $ 2,894,935, the Paulsboro Marine Terminal Project for Bond Series O-1 in the amount of $ 11,283,680, Dredging for Bond Series O-1 in the amount of $1,047,663, Gantry Crane Refinishing for Bond Series O-1 in the amount of $716,534, IT and Security for Bond Series O-1 in the amount of $ 293,371, Cathodic Protection For Bond Series O-1 in the amount of $ 189,491, Skylight Renovations for Bonds Series O-3 in the amount of $1,651,916 and Paulsoboro Marine Terminal Project for Bond Series P-3 in the amount of $53,693,392. Also, in 2009 the SJPC received a grant from the Department of Transportation for the Railroad Rehabilitation and Upgrade of the Broadway TerminalRailroad Track in the amount of $2,305,315. Demolition of G Building totaling $720,798. Total construction in progress amounted to $78,297,095.

LONG-TERM DEBT

As of December 31, 2010 the Port had accumulated long-term debt of $297,059,042. This consists of revenue bonds $ 290,570,000, a capital lease of $ 1,100,000, unamortized bond premium of $ 1,575,654 an early retirement incentive of $2,682,925 and a post retirement benefit of $ 1,130,463.

LONG-TERM DEBT

	2010	2009
Revenue Bonds	$290,570,000	$296,245,000
Capital Lease	1,100,000	1,200,00
Unamortized Bond Premium		1,575,656
1,630,022		
Post Retirement Benefits	2,682,925	271,000
Early Retirement	1,130,463	1,113,410
Total	$297,059,042	$300,459,432

On December 1, 2002 the Port issued Series K $79,295,000 and Series L $ 42,030,000 Marine Terminal and Revenue Refunding Bonds, and onOctober 16, 2003 the Port issued Series M $ 11,305,000 Marine Terminal Revenue Bonds and on November 21, 2007 the Port issued Series N$ 11,235,000 Marine Terminal Revenue Bonds. On January 22, 2010, the Port Issued $ 25,885,000 in Marine Terminal Bonds, 2010 Series O Bonds. On December 30, 2010 the Port Issued $ 157,880,000 in Marine Terminal Revenue Bonds, 2010 Series P Bonds.

During 2001 the Port entered into a Capital Lease Agreement with the Delaware River Port Authority in the amount of $ 2,000,000 for an electrical substation upgrade at the Broadway Terminal. The terms of the agreement call for the lease to be repaid over 20 years at 0% interest. As of December 31, 2010 the Port has not yet commenced any payment on the Capital Lease.

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

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

COMPARATIVE STATEMENT OF NET ASSETS

December 31, 2010 and 2009

ASSET	2010	2009
Current Assets:		
Unrestricted Assets:		
Cash & Cash Equivalents	$ 4,192,439	$ 6,756,497
Accounts Receivable (Net of Allowance for Doubtful Accounts - $302,063 in 2010 & $302,063 in 2009)	2,312,475	1,682,943
Other Accounts Receivable	1,131,938	478,747
Notes Receivable		3,754
Prepaid Expenses	1,047,271	1,301,335
Inventory of Supplies	1,403,216	1,394,808
Total Unrestricted Current Assets	10,087,339	11,618,084
Restricted Assets:		
Cash & Cash Equivalents	180,090,970	189,037,158
Investments	4,804,158	8,246,769
Federal Subsidy Receivable	1,623,326	
Grants Receivable		1,361,414
Due from State of New Jersey	7,013,289	8,471,746
Total Restricted Current Assets	193,531,743	207,117,087
Property, Plant & Equipment (Note 3):		
Completed	208,433,909	208,242,878
Construction in Progress	78,297,095	16,720,754
Bond Discount & Financing Costs	16,038,42	15,939,375
Total Property, Plant & Equipment	302,769,446	240,903,007
Less: Accumulated Depreciation & Amortization	94,427,410	89,091,084
Net Property, Plant & Equipment	208,342,036	151,811,923
Total Assets	$ 411,961,118	$ 370,547,094

COMPARATIVE STATEMENT OF NET ASSETS
December 31, 2010 and 2009

LIABILITIES	2010	2009
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	724	104,823
Accrued Expenses	1,681,622	724,364
Payroll Taxes Payable	11,538	32,203
Accrued Vacation Payable	187,510	246,286
Deferred Income	538,215	418,652
Lease Security & Escrow Deposits	166,468	143,527
Total Current Liabilities Payable From Unrestricted Assets	2,586,077	1,669,855
Current Liabilities Payable From Restricted Assets:		
Accounts Payable		204,095
Accrued Interest Payable	8,683,042	3,555,966
Contracts Payable	59,181,245	9,035,015
Deferred Income		60,059
Revenue Bonds (Short-Term Portion)	5,675,000	5,425,000
Capital Lease Payable	900,000	800,000
Total Current Liabilities Payable From Restricted Assets	74,439,287	19,080,135
Long-Term Liabilities:		
Long-Term Liabilities Payable From Unrestricted Assets:		
Early Retirement Payable	1,130,463	1,113,410
Post-Retirement Benefits Payable	2,682,925	271,000
Total Long-Term Liabilities Payable From Unrestricted Assets	3,813,388	1,384,410
Long-Term Liabilities Payable From Restricted Assets:		
Revenue Bonds (Long-Term Portion)	290,570,000	296,245,000
Capital Lease Payable	1,100,000	1,200,000
Unamortized Bond Premiums	1,575,654	1,630,022
Total Long-Term Liabilities Payable From Restricted Assets	293,245,654	299,075,022
Total Liabilities	374,084,406	321,209,422
NET ASSETS		
Invested in Capital Assets, Net of Related Debt:	5,225,432	7,958,768
Restricted:		
Reserve for Payment of Debt Service	25,728,619	25,728,619
Reserve for Inventory of Supplies	1,403,216	1,394,808
Unrestricted:		
Unreserved	5,519,445	14,255,477
Total Net Assets	$ 37,876,712	$ 49,337,672

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

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2010	2009
Operating Revenues:		
Marine Direct	$15,355,999	14,679,896
Marine Rel	2,632,002	2,716,633
Other	521,958	298,725
Total Operating Revenues	18,509,959	17,695,254
Operating Expenses:		
General Operating	9,897,334	9,963,468
Repairs & Maintenance	714,766	774,886
General & Administrative	5,691,162	5,720,076
Total Operating Expenses	16,303,262	16,458,430
Operating Income Before Other Operating Expenses	2,206,697	1,236,824
Other Operating Expenses:		
Depreciation	5,281,958	5,230,679
Total Other Operating Expenses	5,281,958	5,230,679
Operating Gain/(Loss)	(3,075,261)	(3,993,855)
Nonoperating Revenues/(Expenses):		
Interest on Investments	421,403	166,535
Grant Revenue	318,066	2,078,575
Federal Subsidy Revenue	3,255,670	
Unrealized Gain/(Loss) on Investment	19,068	312,148
Bond Interest	(17,395,203)	(7,003,622)
Net Nonoperating Expenses	(13,380,996)	(4,446,364)
Net Loss Before Transfer of Depreciation to Contributed Capital	(16,456,257)	(8,440,219)
Transfer of Depreciation to Contributed Capital	211,963	219,436
Net Loss Before Operating Transfers	(16,244,294)	(8,220,783)

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

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2010	2009
Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	7,013,289	11,529,423
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
Camden County PILOT Expenditures		(419,000)
Salem PILOT Revenues		31,225
Salem PILOT Expenditures		(31,225)
Paulsboro PILOT Revenues	500,000	500,000
Paulsboro PILOT Expenditures	(500,000)	(500,000)
Gloucester County PILOT Revenues	150,000	150,000
Gloucester County PILOT Expenditures	(150,000)	(150,000)
Change in Inventory of Supplies	8,408	(27,036)
Total Operating Transfers	7,021,697	11,502,387
Net Income/(Loss)	(9,222,597)	3,281,604
Net Assets/(Deficit) - January 1, as Previously Stated	48,451,301	45,169,697
Prior Period Adjustment	(2,035,000)	
Net Assets/(Deficit) - January 1, as Restated	46,416,301	
Net Assets/(Deficit) - December 31,	37,193,704	48,451,301
Contributed Capital, January 1	886,371	969,307
Contributions		8,600
136,500		
Depreciation	(211,963)	(219,436)
Contributed Capital, December 31	683,008	886,371
Net Assets - December 31	$ 37,876,712	$ 49,337,672

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

COMPARATIVE STATEMENT OF CASH FLOWS

For the year ended December 31, 2010 and 2009

	2010	2009
Cash Flows From Operating Activities:		
Receipts from Customers	$16,953,674	16,910,622
Interest Receipts	366,511	166,157
Payments to Employees	(5,276,558)	(4,980,410)
Payments for Employee Benefits	(3,465,736)	(3,842,248)
Payments to Suppliers	(6,250,768)	(7,349,409)
Net Cash Provided/(Used) by Operating Activities	2,327,123	904,712
Cash Flows From Noncapital Financing Activities:		
Developers' Escrow Deposits	2,650	7,584
Developers' Escrow Refunds	(40)	(80)
Net Cash Provided/(Used) by Noncapital Financing Activities	2,610	7,504
Cash Flows From Capital & Related Financing Activities:		
Acquisition & Construction of Capital Assets	(13,282,517)	(7,190,566)
State Aid for Construction Projects	1,619,421	283,654
Other Aid for Construction Projects		393,566
Federal Interest Subsidy	3,255,670	
Bond Proceeds		185,396,045
Bond Premiums		1,631,045
Bond Issuance Costs	(99,067)	(1,472,410)
Interest Paid on Revenue Bonds	(12,268,127)	(6,407,709)
Principal Paid on Revenue Bonds	(5,425,000)	(5,170,000)
State Aid for Debt Service	8,476,559	9,685,267
Camden City PILOT Revenues	4,000,000	8,000,000
Camden City PILOT Payments	(4,000,000)	(8,000,000)
Camden County PILOT Revenues		419,000
Camden County PILOT Payment		(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		59,431
Salem PILOT Payment		(59,431)
Net Cash Provided/(Used) by Capital & Related Financing Activities	(17,723,061)	177,148,892
Cash Flows From Investing Activities:		
Unrealized Gain/(Loss) on Investment	19,068	312,148
Purchase of Repurchase Agreement/Discount Notes	3,442,611	752,971
Interest & Dividends	421,403	166,535
Net Cash Provided/(Used) by Investing Activities	3,883,082	1,231,654

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

COMPARATIVE STATEMENT OF CASH FLOWS

For the year ended December 31, 2010 and 2009

	2010	2009
Net Increase/(Decrease) in Cash & Cash Equivalents	(11,510,246)	179,292,762
Balances - Beginning of Year	195,793,655	16,500,893
Balances - End of Year	$ 184,283,409	195,793,655

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

	2010	2009
Operating Income/(Loss)	($3,075,261)	(3,993,855)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Activities:		
Depreciation & Net Amortization	5,281,958	5,230,679
(Increase)/Decrease in Accounts Receivable, Net	(1,447,592)	225,377
(Increase)/Decrease in Notes Receivable, Net	3,754	7,500
(Increase)/Decrease in Prepaid Expenses	254,064	(851,352)
Increase/(Decrease) in Accounts Payable	1,232,360	206,339
Increase/(Decrease) in Accrued Liabilities	(58,776)	22,351
Increase/(Decrease) in Early Retirement Payable	17,053	18,411
Increase/(Decrease) in Deferred Revenue	119,563	39,262
Total Adjustments	5,402,384	4,898,567
Net Cash Provided/(Used) by Operating Activities	$ 2,327,123	$ 904,712

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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). In June 1999 the GASB issued Statement 34 Basic *Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The Corporation has implemented these standards for the fiscal year-ending December 31, 2002 and future periods. With the implementation of GASB Statement 34, the Corporation has prepared required supplementary information titled *Management's Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the Corporation has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues;* Statement 37 - Basic *Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus;* Statement 38 – *Certain Financial Statement Note Disclosures;* Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 43 & 45 – *Accounting and Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans.*

The accompanying financial statements present the financial position of the Corporation, the results of operations of the Corporation and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2010 for the year then ended.

A. 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 a seven-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 88 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.

B. 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 3) 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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 3).

Debt issuance costs and bond discount arising from the issue of revenue bonds are amortized by the straight-line method over the bond life.

d) **Marine Terminal Revenue Bond Resolution** —The Corporation is subject to the provisions and restrictions of the Marine Terminal Revenue Bond Resolution adopted June 5, 1985 as supplemented March 12, 1987, January 31, 1989, October 31, 1989, March 4, 1993, December 5, 2002, September 30, 2003, June 8, 2005, October 31, 2006, August 28, 2007, October 28, 2008 and July 28, 2009. The revenues generated by operations are to be distributed monthly based upon the following priorities:

(a) Operating Account - 1/12 of the total appropriated for operating expenses in the annual budget for the current calendar year.

(b) 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).

(c) Debt Reserve Account - such amount necessary to increase the retained earnings to equal the Debt Reserve Requirement.

(d) 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.

(e) 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.

(f) General Reserve Account - such amount that remains after all previously mentioned requirements.

The following is a summary of the functions and activities or 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 subordinated debt and meet such other requirements, it shall forthwith conduct a study or cause the 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1.
SUMMARY OF OPERATING ACCOUNT (CONTINUED):

DEBT SERVICE ACCOUNT

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

Debt Service payments for 2010 included $5,425,000 for principal and $12,268,127 for interest. Funds were provided as follows:

Debt Service Reserve Fund	$13,685,358
Operating Fund	1,500,000
Construction Fund	2,507,769
Total	$17,693,127

DEBT RESERVE ACCOUNT

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 a State appropriation in this fund in the amount of $7,013,289.

The Reserve Fund Requirement, as established under the terms of the Marine Terminal Bond Resolution dated June 5, 1985, is the highest amount of aggregate debt service payable in any succeeding year, which amount is $25,728,619.

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.

During the year no funds were provided from operating revenue.

PROPERTY RESERVE ACCOUNT

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

TAX RESERVE ACCOUNT

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

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

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

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

During 2010 the State of New Jersey paid to the Corporation $4,000,000 for Camden City, $500,000 for Paulsboro Township, $150,000 for Gloucester County to provide sufficient funds for tax payments.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

GENERAL RESERVE ACCOUNT

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

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

CONSTRUCTION ACCOUNT

Purpose - 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 5 for the improvement of the port facilities, debt reserve funds and capitalized interest. Series K and L were issued in December 2002 and funds are still available for approved projects. During 2003 Series M Bonds were issued in the amount of $11,305,000. In 2007 Series N Bonds were issued in the amount of $11,235,000. During 2009 Series O Bonds in the amount of $25,885,000 and Series P Bonds in the amount of $157,880,000 were issued and these funds are also still available for approved projects.

With certain exceptions, existing arbitrate laws require a rebate to the federal government of all earnings on the investment of the proceeds of tax-exempt obligations, issued after September 1, 1986, in excess of the yield on such obligations and any income earned on such excess. A portion of past or future interest earnings may be subject to federal rebate. An arbitrage calculation analysis has been performed through October 31, 2008 for such required tax-exempt obligations and it has been determined that no liability is due to the federal government at this time.

SUBSEQUENT EVENTS

The South Jersey Port Corporation has evaluated subsequent events occurring after December 31, 2010 through the date of March 4, 2011, which is the date the financial statements were available to be issue.

The Corporation is governed by the deposit and investment limitations of New Jersey state law. The Deposits and Investments held at December 31, 2010, and reported at fair value are as follows:

NOTE 2.
CASH AND CASH EQUIVALENTS AND INVESTMENTS

TYPE	CARRYING VALUE
Deposits:	
Demand Deposits	$ 10,990,166
New Jersey Cash Management Fund	173,293,243
U.S. Government Taxable Bonds	4,804,158
Total Deposits & Investments	$189,087,567
Reconciliation of Statement of Net Assets:	
Current:	
Unrestricted Assets:	
Cash & Cash Equivalents	$ 4,192,439
Restricted Assets:	
Cash & Cash Equivalents	180,090,970
Investments	4,804,158
Total Reconciliation of Statement of Net Assets	$189,087,567

Custodial Credit Risk—Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of $193,664,528 at December 31, 2010. Of the bank balance $603,110 was fully insured by the FDIC (Federal Deposit Insurance Corporation) and $193,061,418 was secured by a collateral pool held by the bank, but not in the Corporation's name, as required by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described below.

Investment Interest Rate Risk – 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 investment held at December 31, 2010, are provided in the above schedule.

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

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED):

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 Governments 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.

Concentration of Investment Credit Risk – The Corporation places no limit on the amount it may invest in any one issuer. At December 31, 2010, all of the Corporation's investments are with Wachovia and US banks.

GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA)

The Corporation deposited cash in 2010 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. The Corporation should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 3:
PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment at cost, less accumulated depreciation and amortization:

	BALANCE DECEMBER 31, 2009	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2010
Land	$ 18,235,317			$ 18,235,317
Bldgs. & Improvements	43,882,683	60,496		43,943,179
Land Improvements	105,813,967			105,813,967
Equipment	24,015,296	130,535		24,145,831
Engineering & Other	7,135,677			7,135,677
Financing Costs	9,159,938			9,159,938
Subtotal	208,242,878	191,031		208,433,909
Less Accumulated Depreciation Amortization	(89,091,084)	(5,336,325)		(94,427,409)
Subtotal	119,151,794	(5,145,294)		114,006,500
Construction in Progress	16,720,754	61,576,341		78,297,095
Bond Discount & Financing	15,939,375	99,066		16,038,441
Total	$ 151,811,923	65,369,983		$ 208,342,036

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4.
PENSION

A. PLAN DESCRIPTION

The South Jersey Port Corporation's contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. It provides retirement, disability, medical and death benefits to plan members and beneficiaries. The State of New Jersey P.E.R.S. program was established as of January 1, 1955. The program was established under the provisions of *N.J.S.A.43:15A*, which assigns authority to establish and amend, benefit provisions to the plan's board of trustees. P.E.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625, or calling (609) 292-7524.

B. FUNDING POLICY

The System's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the System is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction. The System's Board of Trustees is primarily responsible for the administration of the System.

According to the State of New Jersey administrative code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

Plan members are required to contribute 5.5% of their annual covered salary; the South Jersey Port Corporation is required to contribute at an actuarially determined rate. The current rate represents approximately .0437% of annual covered payroll. The contribution requirements of plan members and the Corporation are established and may be amended by the plan's board of trustees. The South Jersey Port Corporation's contributions to P.E.R.S. for the years ending December 31, 2010, 2009 and 2008 were $461,429, $442,151 and $354,418, respectively, equal to the required contributions for each year.

C. 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 $1,130,463 as of December 31, 2010. Payments for the liability will be spread over 30 years. Each consecutive year's payment would increase by 4.00%. All the payment schedules incorporate an annual percentage rate of interest equaling 8.25%. The Port made its payment towards the ERI Program in 2010 for $74,803, which included principal and interest.

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

YEAR	PRINCIPAL	INTEREST	TOTAL
2011	$ (15,468)	$ 93,263	$ 77,795
2012	(13,632)	94,539	80,907
2013-2017	(29,951)	485,693	455,742
2018-2022	71,185	483,291	554,476
2023-2027	246,586	428,017	674,603
2028-2032	537,801	282,955	820,756
2033-2034	333,942	42,163	376,105
Total	$1,130,463	$1,909,921	$3,040,384

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5:
LONG-TERM DEBT

The following is a summary of long-term debt at December 31, 2010:

ISSUE	INITIAL DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATES	ORIGINAL ISSUE AMOUNT	PRINCIPAL BALANCE OUTSTANDING
Series 2002 K Marine Terminal Revenue & Revenue Refunding Bonds	12/01/02	01/01/33	4.000% 5.100%	$79,295,000	$ 66,820,000
Series 2002 L Marine Terminal Revenue & Revenue Refunding Bonds	12/01/02	01/01/24	4.000% 5.250%	42,030,000	25,270,000
Series 2003 M Marine Terminal Revenue Bonds	10/15/03	01/01/30	5.000%	11,305,000	9,865,000
Series 2007 N Marine Terminal Revenue Bonds	11/08/07	01/01/38	4.500% 5.250%	11,235,000	10,920,000
Series 2009 O Marine Terminal Revenue Bonds	01/29/09	01/01/39	4.000% 5.875%	25,885,000	25,490,000
Series 2009 P Marine Terminal Revenue Bonds	12/30/09	01/01/40	2.995% 7.365%	157,880,000	157,880,000
Total					296,245,000
Less: Current Maturities Included in Current Liabilities					5,675,000
Balance					$290,570,000

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

YEAR	PRINCIPAL	INTEREST	TOTAL
2011	$ 5,675,000	17,244,232	$ 22,919,232
2012	8,780,000	16,948,619	25,728,619
2013	9,120,000	16,579,808	25,699,808
2014	9,040,000	16,203,046	25,243,046
2015	9,410,000	15,814,406	25,224,406
2016-2020	53,720,000	71,830,844	125,550,844
2021-2025	47,340,000	57,881,927	105,221,927
2026-2030	49,225,000	43,953,456	93,178,456
2031-2035	51,870,000	27,084,325	78,954,325
2036-2040	52,065,000	9,301,587	61,355,587
Total	$296,245,000	$292,842,250	$589,087,250

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

a) On December 1, 2002, the South Jersey Port Corporation performed current refunding of Marine Terminal Revenue Bonds Series E, F, G, H and J. The Corporation issued Series K ($79,295,000) and L Series ($42,030,000) Marine Terminal Revenue and Revenue Refunding Bonds to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Corporation's outstanding obligations. This current refunding was undertaken to increase total debt service payments over the next 20 years by $433,564 and to obtain an economic gain (difference between the present value of the debt service payments of the Refunded and Refunding Bonds) of $1,822,182.

The net proceeds of the Series 2002 Bonds, together with other funds, are being used to pay the costs of a project (the "2002 Project") of the Corporation consisting generally of: (i) the current refunding of five separate series of revenue bonds previously issued by the Corporation in 1989, 1993 and 1999; (ii) financing the costs of certain capital projects of the Corporation; (iii) funding interest on a portion of the Series 2002 Bonds during the estimated construction period of the capital projects; (iv) funding a deposit to the Debt Reserve Fund and the Tax Reserve Fund established under the Bond Resolution; and (v) paying the costs of issuance of the Series 2002 Bonds.

b) On October 15, 2003 the Corporation issued $11,305,000 Marine Terminal Revenue Bonds, Series M. The Series M Bonds were issued to provide funds to (i) fund the implementation of certain capital projects; (ii) fund interest on the 2003 Bonds through the estimated construction period of the 2003 capital project; (iii) fund a deposit to the Debt Reserve Fund, and (iv) pay the cost of issuing of the Series 2003 Bonds.

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

d) On January 29, 2009, the Corporation issued $25,885,000 in aggregate Marine Terminal Revenue Bonds, Series O. The Series O Bonds consist of $19,770,000 Marine Terminal Revenue Bonds, Series O-1 (the "Series 2009 O-1 Bonds"), $915,000 Marine Terminal Revenue Bonds, Series 2009 O-2 (the "Series 2009 O-2 Bonds"), and $5,200,000 Marine Terminal Revenue Bonds, Series O-3 (AMT) (the "Series 2009 O-3 Bonds" and, together with the Series 2009 O-1 Bonds and the Series 2009 O-2 Bonds, "Series 2009 Bonds"). The Series O Bonds were issued to provide funds to (i) fund the implementation of certain capital projects of the Corporation; (ii) fund a deposit to the Debt Reserve Fund established under the Bond Resolution; and (iii) pay the costs of issuance of the Series 2009 Bonds.

e) 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5:

LONG-TERM DEBT (CONTINUED)

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

	......SERIES K......		......SERIES L......		......SERIES M......		......SERIES N......	
Issue Year	Annual Principal	Interest Rate	Annual Principa	Interest Rate	Annual Principal	Interest Rate	Annual Principal	Interest Rate
2011	2,100,000	4.10	2,620,000	4.40	315,000	5.00	195,000	4.50
2012	2,190,000	4.20	2,735,000	4.60	325,000	5.00	205,000	4.50
2013	2,270,000	4.40	2,870,000	5.25	340,000	5.00	210,000	4.50
2014	3,575,000	4.40	1,350,000	4.80	350,000	5.00	220,000	4.50
2015	3,750,000	4.50	1,410,000	4.80	365,000	5.00	230,000	4.50
2016	3,920,000	4.50	1,480,000	5.00	385,000	5.00	245,000	4.50
2017	4,090,000	4.50	1,560,000	5.00	400,000	5.00	250,000	4.50
2018	4,280,000	4.75	1,635,000	5.00	420,000	5.00	265,000	4.50
2019	4,485,000	4.85	-		440,000	5.00	280,000	4.50
2020	4,700,000	5.00	-		-		295,000	4.50
2021	-		-		-		-	
2022	-		-		1,445,000	5.00	-	
2023	8,645,000	5.00	8,620,000	5.20		-	960,000	4.50
2024	-		990,000	5.25		-		-
2025	-		-		1,670,000	5.00	-	
2026	4,960,000	5.00	-		-		-	
2027	-		-		-		-	
2028	-		-		-		1,935,000	4.63
2029	-		-		-		440,000	4.75
2030	-		-		3,410,000	5.00	-	
2031	-		-		-		-	
2032	-		-		-		-	
2033	17,855,000	5.10	-		-		-	
2034	-		-		-		-	
2035	-		-		-		-	
2036	-		-		-		-	
2037	-		-		-		-	
2038			-		-		5,190,000	5.25
Total	$66,820,000		$25,270,000	-	$ 9,865,000		$10,920,000	

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5.

LONG-TERM DEBT (CONTINUED)

Issue Year	.....SERIES O-1..... Annual Principal	Interest Rate	.....SERIES O-2..... Annual Principal	Interest Rate	....SERIES O-3..... Annual Principal	Interest Rate	SERIES "O" Total Principal
2011	-		-		-		-
2012	-		-		910,000	4.000	910,000
2013	-		-		-		-
2014	-		-		-		-
2015	-		-		1,510,000	4.500	1,510,000
2016	-		-		-		-
2017	-		-		-		-
2018	-		-		-		-
2019	-		-		2,385,000	5.500	2,385,000
2020	-		-		-		-
2021	-		-		-		-
2022	-		-		-		-
2023	2,525,000	4.625	-		-		2,525,000
2024	-		-		-		-
2025	-		-		-		-
2026	2,225,000	5.000	-		-		2,225,000
2027	-		-		-		-
2028	1,675,000	5.125	300,000	5.125	-		1,975,000
2029	-		-		-		-
2030	-		-		-		-
2031	-		-				-
	-						
2032	-		-				-
	-						
2033	-		-				-
	-						
2034	6,255,000	5.750	285,000	5.750	-		6,540,000
2035	-		-		-		-
2036	-		-		-		-
2037	-		-		-		-
2038	-		-		-		-
2039	7,090,000	5.875	330,000	5.875	-		7,420,000
Total	$19,770,000		$915,000		$4,805,000		$25,490,000

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5:

LONG-TERM DEBT (CONTINUED)

Issue Year	.....SERIES P-1..... Annual Principal	Interest Rate	.....SERIES P-2..... Annual Principal	Interest Rate	....SERIES P-3..... Annual Principal	Interest Rate	SERIES "P" Total Principal	Grand Total Principal
2011	-		-		-		-	5,230,000
2012	2,860,000	2.995	-		-		2,860,000	9,225,000
2013	2,065,000	3.145	885,000	3.000	-		2,950,000	8,640,000
2014	-		3,040,000	3.000	-		3,040,000	8,535,000
2015	-		3,130,000	4.000	-		3,130,000	10,395,000
2016	-		3,255,000	4.000	-		3,255,000	9,285,000
2017	-		3,385,000	4.000	-		3,385,000	9,685,000
2018	-		4,115,000	5.750	3,520,000	5.912	7,635,000	14,235,000
2019	-		4,350,000	5.750	3,655,000	6.052	8,005,000	15,595,000
2020	-		1,055,000	5.750	3,800,000	6.152	4,855,000	9,850,000
2021	-		-		3,955,000	6.252	3,955,000	3,955,000
2022	-		-		-		-	1,445,000
2023	-		-		-		-	20,750,000
2024	-		-		-		-	990,000
2025	-		-		-		-	1,670,000
2026	-		-		-		-	7,185,000
2027	-		-		-		-	-
2028	-		-		-		-	3,910,000
2029	-		-		29,985,000	7.065	29,985,000	30,425,000
2030	-		-		-		-	3,410,000
2031	-		-		-		-	-
2032	-		-		-		-	-
2033	-		-		-		-	17,855,000
2034	-		-		-		-	6,540,000
2035	-		-		-		-	-
2036	-		-		-		-	-
2037	-		-		-		-	-
2038	-		-		-		-	5,190,000
2039	-		-		-		-	7,420,000
2040	-		-		84,825,000	7.365	84,825,000	84,825,000
Total	$4,925,000		$23,215,000		$129,740,000		$157,880,000	$296,245,000

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5.
LONG-TERM DEBT (CONTINUED)

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

ISSUE YEAR	SERIES K	SERIES L	SERIES M	SERIES N
2019	$ -	$1,710,000	$ -	
2020	-	1,805,000	460,000	
2021	2,740,000	1,620,000	480,000	$ 305,000
2022	2,880,000	1,700,000	505,000	320,000
2023	3,025,000	1,785,000	530,000	335,000
2024	895,000	990,000	555,000	350,000
2025	1,985,000	-	585,000	370,000
2026	2,080,000	-	615,000	385,000
2027	2,185,000	-	645,000	405,000
2028	2,300,000	-	680,000	425,000
2029	2,415,000	-	715,000	440,000
2030	2,540,000	-	755,000	475,000
2031	2,670,000	-	-	490,000
2032	2,800,000	-	-	515,000
2033	2,945,000	-	-	545,000
2034		-	-	575,000
2035		-	-	600,000
2036		-	-	630,000
2037		-	-	665,000
2038		-	-	695,000
Total	$31,460,000	$9,610,000	$6,525,000	$8,525,000

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5:
LONG-TERM DEBT (CONTINUED)

ISSUE YEAR	SERIES O-1	SERIES O-2	SERIES O-3	SERIES P-3	GRAND TOTAL
2011	-	-	445,000	-	445,000
2012	-	-	465,000	-	465,000
2013	-	-	480,000	-	480,000
2014	-	-	505,000	-	505,000
2015	-	-	525,000	-	525,000
2016	-	-	550,000	-	550,000
2017	-	-	580,000	-	580,000
2018	-	-	610,000	-	610,000
2019	-	-	645,000	-	2,355,000
2020	590,000	25,000	-	-	2,880,000
2021	615,000	30,000	-	-	5,790,000
2022	645,000	30,000	-	-	6,080,000
2023	675,000	30,000	-	-	6,380,000
2024	705,000	35,000	-	3,545,000	7,075,000
2025	740,000	35,000	-	4,825,000	8,540,000
2026	780,000	35,000	-	5,045,000	8,940,000
2027	815,000	40,000	-	5,275,000	9,365,000
2028	860,000	40,000	-	5,520,000	9,825,000
2029	900,000	40,000	-	5,775,000	10,285,000
2030	955,000	45,000	-	6,040,000	10,810,000
2031	1,010,000	45,000	-	6,325,000	10,540,000
2032	1,065,000	50,000	-	6,630,000	11,060,000
2033	1,130,000	50,000	-	6,945,000	11,615,000
2034	1,195,000	55,000	-	7,280,000	9,105,000
2035	1,260,000	60,000	-	7,630,000	9,550,000
2036	1,335,000	60,000	-	7,995,000	10,020,000
2037	1,415,000	65,000	-	8,375,000	10,520,000
2038	1,495,000	70,000	-	8,775,000	11,035,000
2039	1,585,000	75,000	-	9,195,000	10,855,000
2040	-	-	-	9,635,000	9,635,000
Total	$19,770,000	$ 915,000	$4,805,000	$114,810,000	$196,420,000

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5.
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 principle amounts set forth below at a redemption price of 100% of the principle amount plus accrued interest to the date of redemption:

Series K - Bonds Maturing January 1, 2023

Year	Principal Amount
2021	$2,740,000
2022	2,880,000
2023	3,025,000
Total	$8,645,000

Series K - Bonds Maturing January 1, 2026

Year	Principal Amount
2024	$ 895,000
2025	1,985,000
2026	2,080,000
Total	$4,960,000

Series K - Bonds Maturing January 1, 2033

Year	Principal Amount
2027	$2,185,000
2028	2,300,000
2029	2,415,000
2030	2,540,000
2031	2,670,000
2032	2,800,000
2033	2,945,000
Total	$17,855,000

Series L - Bonds Maturing January 1, 2023

Year	**Principal Amout**
2019	$1,710,000
2020	1,805,000
2021	1,620,000
2022	1,700,000
2023	1,785,000
Total	$8,620,000

Series L - Bonds Maturing January 1, 2024

Year	**Principal Amount**
2024	$990,000

Series M - Bonds Maturing January 1, 2022

Year	**Principal Amount**
2020	$460,000
2021	480,000
2022	505,000
Total	$3,410,000

Series M - Bonds Maturing January 1, 2025

Year	**Principal Amount**
2023	$530,000
2024	555,000
2025	585,000
Total	$1,670,000

NOTE 5:

LONG-TERM DEBT (CONTINUED)

Series M - Bonds Maturing January 1, 2030

Year	Principal Amount
2026	$ 615,000
2027	645,000
2028	680,000
2029	715,000
2030	755,000
Total	$3,410,000

Series M - Bonds Maturing January 1, 2038

Year	Principal Amount
2030	$ 475,000
2031	490,000
2032	515,000
2033	545,000
2034	575,000
2035	600,000
2036	630,000
2037	665,000
2038	695,000
Total	$5,190,000

Series N - Bonds Maturing January 1, 2023

Year	Principal Amount
2021	$305,000
2022	320,000
2023	335,000
Total	$960,000

Series N - Bonds Maturing January 1, 2028

Year	Principal Amount
2024	$ 350,000
2025	370,000
2026	385,000
2027	405,000
2028	425,000
Total	$1,935,000

Series N - Bonds Maturing January 1, 2029

Year	Principal Amount
2029	$440,000

Serioes O - Bonds Maturing January 1, 2023

Year	Principal Amount
2020	$590,000
2021	615,000
2022	645,000
2023	975,000
Total	$2,525,000

Series O-1 - Bonds Maturing January 1, 2026

Year	Principal Amount
2024	$ 705,000
2025	740,000
2026	780,000
Total	$2,225,000

Series O-1 – Bonds Maturing January 1, 2028

Year	Principal Amount
2027	$ 815,000
2028	860,000
Total	$1,675,000

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5.

LONG-TERM DEBT (CONTINUED)

Series O-1 - Bonds Maturing January 1, 2034

Year	Principal Amount
2029	$ 900,000
2030	955,000
2031	1,010,000
2032	1,065,000
2033	1,130,000
2034	1,195,000
Total	$6,225,000

Series O-1 – Bonds Maturing January 1, 2039

Year	Principal Amount
2035	$1,260,000
2036	1,335,000
2037	1,415,000
2038	1,495,000
2039	1,585,000
Total	$7,090,000

Series O-2 Bonds Maturing January 1, 2028

Year	Principal Amount
2020	$ 25,000
2021	30,000
2022	30,000
2023	30,000
2024	35,000
2025	35,000

Series O-2 – Bonds Maturing January 1, 2028

Year	Principal Amount
2026	$35,000
2027	40,000
2028	40,000
Total	$300,000

Series O-2 - Bonds Maturing January 1, 2034

Year	Principal Amount
2029	$ 40,000
2030	45,000
2031	45,000
2032	50,000
2033	50,000
2034	55,000
Total	$285,000

Series O-2 – Bonds Maturing January 1, 2039

Year	Principal Amount
2035	$60,000
2036	60,000
2037	65,000
2038	70,000
2039	75,000
Total	$330,000

Series O-3 - Bonds Maturing January 1, 2012

Year	Principal Amount
2011	445,000
2012	465,000
Total	$ 910,000

Series O-3 – Bonds Maturing January 1, 2015

Year	Principal Amount
2013	$ 480,000
2014	505,000
2015	525,000
Total	$1,510,000

NOTE 5:
LONG-TERM DEBT (CONTINUED)

Series O-3 - Bonds Maturing January 1, 2019

Year	Principal Amount
2016	$ 550,000
2017	580,000
2018	610,000
2019	645,000
Total	$2,385,000

Series P-3 – Bonds Maturing January 1, 2029

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

Series O-3 - Bonds Maturing January 1, 2040

Year	Principal Amount
2030	$ 6,040,000
2031	6,325,000
2032	6,630,000
2033	6,945,000
2034	7,280,000
2035	7,630,000

Series P-3 – Bonds Maturing January 1, 2040

Year	Principal Amount
2036	$ 7,995,000
2037	8,375,000
2038	8,775,000
2039	9,195,000
2040	9,635,000
Total	$84,825,000

The Series 2002 Bonds maturing before January 1, 2014 are not subject to optional redemption prior to their stated maturities. The Series 2002 Bonds maturing on or after January 1, 2014 are subject to redemption prior to maturity, at the option of the Corporation, as a whole or in part at anytime on or after January 1, 2013. Any such redemption shall be made at a redemption price of 100% of the principle amount plus accrued interest.

The Series 2003 Bonds maturing before January 1, 2015 are not subject to optional redemption prior to their stated maturities. The Series 2003 Bonds maturing on or after January 1, 2015 are subject to redemption prior to maturity, at the option of the Corporation, as a whole or in part at any time on or after January 1, 2014. Any such redemption shall be made at a redemption price of 100% of the principle amount plus accrued interest.

The Series 2007 Bonds maturing before January 1, 2018 are not subject to optional redemption prior to their stated maturities. The Series 2007 Bonds maturing on or after January 1, 2018 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, 2017. The Series 2007 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 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 2007 Bonds called for redemption, without premium, plus accrued interest to the date of redemption.

The Series 2009 O-1 Bonds and Series 2009 O-2 Bonds maturing on or after January 1, 2020 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, 2019. The Series 2009 O-1 Bonds and the Series 2009 O-2 Bonds or portions thereof to be redeemed shall be selected by the Trustee in any order of maturity and by either 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 2009 Bonds called for redemption, without premium, plus accrued interest to the date of redemption. The Series 2009 O-3 Bonds are not subject to optional redemption prior to their stated maturities.

The Series 2009 P-1 Taxable Bonds are not subject to redemption prior to their stated maturities. The Series 2009 P-2 Tax-Exempt Private Activity Bonds maturing on or after January 1, 2021 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, 2020. The Series 2009 P-2 Tax-Exempt Private Activity 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 within a maturity by lot in any other customary manner determined by the Trustee. Any such redemption shall be

NOTE 5:
LONG-TERM DEBT (CONTINUED)

made at a Redemption Price of 100% of the principal amount of Series 2009 P-2 Tax-Exempt Private Activity Bonds called for redemption, without premium, plus accrued interest to the date of redemption. The Series 2009 P-3 Taxable Build America Bonds are not subject to optional redemption prior to their stated maturities.

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

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

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

Year	Interest Subsidy to be Received
2011	$ 3,246,651
2012	3,246,651
2013	3,246,651
2014	3,246,651
2015	3,246,651
2016-2020	15,778,088
2021-2025	14,345,524
2026-2030	11,609,019
2031-2035	7,546,492
2036-2039	2,372,819
Total	$68,785,197

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6:
SELF-INSURANCE FUND

The Port Corporation is self insured for health care benefits under third party "administrative services only" plan arrangement. Claims are paid on a claims basis. The Port Corporation assumes liability for health claims up to $40,000 for each individual and up to $2,437,600 annually for all enrollees on an aggregate basis. For amounts in excess of individual and aggregate coverage, a commercial insurance policy has been obtained.

NOTE 7:
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 8:
DEFERRED COMPENSATION PLAN

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

NOTE 9:
PILOT PAYMENTS

City of Camden PILOT Payments – The Corporation entered into a 2010 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 2010 began in July 1, 2009 and ended June 30, 2010. The State of New Jersey notified the South Jersey Port Corporation that they would not be funding the City of Camden "PILOT" for the City's fiscal year 2011 that runs from July 1, 2010 and ends June 30, 2011. Pursuant to the 2011 "PILOT" agreement, the Corporation is not required to make the 2011 "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.

Borough of Paulsboro PILOT Payments – The Corporation has entered into a 2010 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 2010. An appropriation of $500,000 will be required from the State to make payment to the 2010 County of Gloucester "PILOT Tax Agreement".

In December 2005, the Board of Directors of the South Jersey Port Corporation entered into a lease agreement with the Borough of Paulsboro for the lease of 190 acres for the Building of a Port Facility. In the lease agreement the South Jersey Port Corporation agreed to make a Payment in Lieu of Taxes ("PILOT") to the Borough of Paulsboro of $500,000 (five hundred thousand dollars) plus 2 % of the value of the Buildings and 1 % of the value of the land that will be subleased to private companies. The enabling legislation of the South Jersey Port Corporation requires that the State of New Jersey willfund/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 2010 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 2010 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 10:
PENDING LITIGATION

PEOSH Proceeding (in the New Jersey Office of Administrative Law, OAL No. OSH 02062-2010S)

The New Jersey Department of Labor and Workforce Development ("DOL") on June 18, 2008 issued a Notice of Order to Comply regarding a workplace accident on February 25, 2008, which resulted in the death of an employee.

On January 21, 2010, the matter was filed with the New Jersey Office of Administrative Law as a contested matter. The Port is contesting certain fines and penalties, which the DOL seeks to impose for alleged violations of New Jersey's Public Employees Occupational Safety and Health Act. The fines and penalties sought total just under $71,000.00.

On February 15, 2011, the Administrative Law Court dismissed the most serious violation against the Port. Currently, only minor violations are pending in which the DOL seeks penalties in the amount of $800.00.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 11:
THREATENING LITIGATION

There are actions, which have been instituted against the South Jersey Port Corporation, which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the Corporation, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Corporation.

NOTE 12:
CAPITAL PROJECTS AND FUNDING SOURCES

During 2001 South Jersey Port Corporation entered into a Capital Lease with the Delaware River Port Authority 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.

The Corporation's construction in progress consists of the following: Cathodic Protection in the amount of $ 3,500,000, Paulsboro MarineTerminal Project for Bond Series N in the amount of $ 2,894,935, the Paulsboro Marine Terminal Project for Bond Series 0-1 in the amount of $ 11,283,680, Dredging for Bond Series O-1 in the amount of $1,047,663, Gantry Crane Refinishing for Bond Series O-1 in the amount of $716,534, IT and Security for Bond Series O-1 in the amount of $ 293,371, Cathodic Protection For Bond Series O-1 in the amount of $ 189,491, Skylight Renovations for Bonds Series O-3 in the amount of $1,651,916 and Paulsoboro Marine Terminal Project for Bond Series P-3 in the amount of $53,693,392 Also, in 2009 the SJPC received a grant from the Department of Transportation for the Railroad Rehabilitation and Upgrade of the Broadway TerminalRailroad Track in the amount of $2,305,315. Demolition of G Building totaling $720,798. Total construction in progress amounted to $78,297,095.

NOTE 13:
PORT OF SALEM

On February 12, 2003 Salem Terminals Limited, LLC informed the Port Corporation that it was vacating on September 1, 2004, the Port leased the Salem Terminal facilities to National Docks. The term of the lease is for ten years with two 5-year options. The premises will be used, maintained and operated as an active marine shipping terminal for the handling, on and off the water, of bulk materials, such as sand, gravel and stone or any other commodity typical to water and truck borne transport. The premises shall also be used in the transport of commercial products to locations in Delaware, New Jersey, Pennsylvania and Maryland, via barge, and in the building for commercial processing and bagging operations for value added products.

The base rent for the first 5 years is $5,000 per month. This rental rate of $5,000 per month is discounted by 50% or $2,500 per month. The rent abatement for 60 months is to rebate the tenant up to $150,000 for site repairs and upgrading.

The rental rate for the second 5 years is $5,000 per month in addition to a surcharge of $.20 per ton shipped by National Docks thru the Port of Salem by water.

NOTE 14:
PAULSBORO MARINE TERMINAL PROJECT AND FINANCING

The Corporation and the Borough of Paulsboro entered into that 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 Beckett Street 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 Paulsboro Marine Terminal is located along the eastern bank of the Delaware River, across from the Philadelphia International Airport, just south of Mantua Creek in the Borough of Paulsboro, Gloucester County, New Jersey. 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 parameters of the development of the Paulsboro Marine Terminal Project were set forth in the Redevelopment Agreement, including without limitation:

A General Development Plan for the Paulsboro Marine Terminal Project approved by the Borough of Paulsboro;

An estimate of the cost for Phase 1 of the Paulsboro Marine Terminal Project, the replacement phase of the Paulsboro Marine Terminal Project, depending on the design approved by appropriate governmental officials, in an amount up to approximately $136 million; provided, however, that Section 4.1(1) of the Redevelopment Agreement expressly states that should the ultimate cost for Phase 1 exceed such amount, the Redevelopment Agreement shall not prohibit the Corporation from issuing Bonds in excess of such initial estimate; and The Corporation's right and obligation to issue Additional Bonds pursuant to Section 206(c) of the Bond Resolution, or subordinate bonds permitted by the Bond Resolution, to finance Phase I of the Paulsboro Marine Terminal Project.

NOTE 11:
PAULSBORO MARINE TERMINAL PROJECT AND FINANCING (CONTINUED)

Pursuant to the Redevelopment Agreement, the Corporation entered into a series of agreements to commence the development of the Paulsboro Marine Terminal Project.

Site access was obtained through the combination of (i) a Sublease Agreement dated January 16, 2006, as amended, with Paulsboro, as sub-lessor, and the Corporation, as sub-lessee (the original lease is with BP Oil Company, as fee owner and lessor, and Paulsboro, as lessee) for the approximately 130-acre parcel that was previously operated by BP Oil Company, and (ii) a Lease Agreement dated August 6, 2009 between Paulsboro, as owner and lessor, and the Corporation, as lessee, for the adjacent 60-acre parcel that was operated by Essex Chemical, which is a wholly owned subsidiary of The Dow Chemical Company, and which site is now owned in fee by Paulsboro.

The tax payment requirements of the Act were satisfied through the execution and delivery of two payments in lieu of tax agreements on January 16, 2006, as amended, one with each of Paulsboro and Gloucester County. Both of these payments in lieu of tax agreements provide for the payment by the Corporation to such parties of a base amount, independent of Paulsboro Marine Terminal development.
In addition, the Paulsboro agreement provides for Paulsboro to receive from or through the Corporation a second additional payment tied to a portion of such development.

These various agreements also provide that the Corporation can develop the Paulsboro Marine Terminal Project, so long as the uses of the port fit within the General Development Plan approved by Paulsboro under the Redevelopment Agreement, and further, so long as such uses do not disturb (i) the No Further Action letter and Deed Notice forwarded from the NJDEP to Essex Chemical in 2003 regarding the Essex site, and (ii) the multi-phased remedial investigation and action, which is expected to continue for many years, for the BP site.

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. Further, in order to expedite the development of the Paulsboro Marine Terminal, this Development and Management Agreement, in combination with the Thirteenth Supplemental Bond Resolution, provide for GCIA to access the Series 2009 O Bond proceeds, the Series 2009 P Bond proceeds, along with future Additional Bond or subordinate bond proceeds for the development of the Paulsboro Marine Terminal Project, to pay necessary development costs such as planning, design and construction costs, without individual contract approval from the Corporation.

The GCIA has an account titled the Paulsboro Port Marine Terminal Account in which project funds will be deposited as needed. This account is an interest bearing account and any interest income earn on this account would be interest income to the South Jersey Port Corporation.

The Corporation retains the right to discontinue this arrangement with GCIA for the development of the Paulsboro Marine Terminal should the development materially deviate from a mutually agreed upon budget and schedule for the Paulsboro Marine Terminal.

The Corporation is in the process of negotiating operation contracts for that portion of the Paulsboro Marine Terminal that shall house private operations, which in turn is expected to generate revenues for the Corporation, in part, to repay debt service on the Series 2009 P Bonds. In particular, the Corporation is looking into certain renewable energy uses for the Paulsboro Marine Terminal, having executed a memorandum of understanding for the assemblage of offshore based wind turbine facilities, and is presently in negotiation for other similar facilities. While the Corporation remains optimistic in its pursuit of these operations, vendors, and fees, it made no representation to holders of the Series 2009 P Bonds that the Corporation shall enter into a sufficient number of these agreements, in both number and dollar value, such that such agreements shall generate sufficient revenues to pay the principal of, and interest on the Series 2009 P Bonds in full and on time.

The Corporation has not yet funded, though it contemplates the possibility of funding, a third and fourth berth for the Paulsboro Marine Terminal Project. The costs for this Phase II of the Paulsboro Marine Terminal Project, and whether the Corporation would issue parity Bonds or subordinated debt to fund Phase II, has not yet been determined by the Corporation. Accordingly, the Corporation can make no representation whether Phase II shall be implemented. Further, the Corporation relied upon Section 206(c) of the Bond Resolution in authorizing the Series 2009 P Bonds, as the initial two berths Paulsboro Marine Terminal Project shall replace the two lost piers at the Corporation's Beckett Street Terminal. Absent a further loss to Corporation port facilities, this replacement provision of the Bond Resolution would not be available to fund Phase II, and accordingly the Corporation would need to rely on some other provision of the Bond Resolution in order to authorize parity Bonds to fund the Phase II Project.

Paulsboro Bonds

NOTE 14: PAULSBORO MARINE TERMINAL PROJECT AND FINANCING (CONTINUED)

The Corporation issues $157,880,000 of its Marine Terminal Revenue Bonds, Series 2009 P, on December 30, 2009. Prior to the issuance of the Series 2009 P Bonds, the Corporation had issued a portion of the Series 2007 Bonds ($3,285,000) pursuant to the Original Ninth Supplemental Resolution, and a portion of the Series 2009 O Bonds ($15,572,986) pursuant to the Twelfth Supplemental Resolution (as defined below) (such earmarked portions, together with the Series 2009 P Bonds and any series of Additional Bonds issued for the Paulsboro Marine Terminal Project, the "Paulsboro Bonds"), for an aggregate of $18,857,986 principal amount of Bonds that have been issued for the Paulsboro Marine Terminal Project. The Series 2007 Bonds were issued pursuant to the Act and the General Bond Resolution, as further supplemented by the Corporation's Original Ninth Supplemental Resolution. The Series 2009 O Bonds were issued pursuant to the Act and the General Bond Resolution, as further supplemented by the Corporation's Twelfth Supplemental Marine Terminal Revenue Bond Resolution Authorizing Issuance of Marine Terminal Revenue Bonds; Series 2008 O adopted October 28, 2008 (the "Twelfth Supplemental Resolution").

Pursuant to the Ninth Supplemental Resolution and the Thirteenth Supplemental Resolution, the Corporation has authorized an additional $188,715,000 for the Paulsboro Marine Terminal Project, against which all of the principal amount of the Series 2009 P Bonds shall be allocated. Accordingly, after the issuance of the Series 2009 P Bonds in the aggregate principal amount of $157,880,000, (i) the aggregate amount of Bonds issued for the Paulsboro Marine Terminal Project will be $176,737,986, and (ii) the aggregate amount of Bonds authorized by the Corporation, but remaining unissued, for the Paulsboro Marine Terminal Project is $30,835,000.

Pursuant to Section 201(D) and Exhibit C of the Original Ninth Supplemental Resolution, authorized, but unissued Paulsboro Bonds (up to $132,715,000 in aggregate principal amount) could not have been issued until the Sufficiency Test defined therein had been satisfied or waived in accordance with the terms thereof, which required the consent of the Corporation and the State Treasurer, but did not require Bondholder consent. The Amendment No. 2 to Ninth, and Thirteenth Supplemental Resolutions specifically waived and revoked the Sufficiency Test, with the adoption thereof providing the Corporation's consent to this waiver and revocation, and the State Treasurer's pre-adoption and post adoption approval of Amendment No. 2 to Ninth and Thirteenth Supplemental Resolutions providing the State Treasurer's consent to this waiver and revocation. Accordingly, satisfaction of the Sufficiency Test set forth in the Original Ninth Supplemental Resolution is not a condition precedent to the issuance of the Series 2009 P Bonds.

2009 P Paulsboro Marine Terminal Project

A portion of the proceeds of the Series 2009 P Bonds will be used by the Corporation to fund the creation of the waterside and landside connections that will facilitate the inter-modal handling of cargoes from ship to truck and/or rail at the two-berth Paulsboro Marine Terminal, including the following costs of the Paulsboro Marine Terminal Project (collectively, the "2009 P Paulsboro Marine Terminal Project"):

- Select demolition and renovation of residual structures;
- Hauling and receiving of fill material for upland (e.g. on-site) use;
- The placement, grading and compaction of fill material atop of the existing sub-grade to raise the proposed post-construction elevation above the 100-year flood plain;
- Deep soil compaction techniques and placement of surcharge material within areas of historic fill placement along the Delaware River shoreline;
- Installation of the required storm water management collection, distribution and outfall system;
- Installation of the primary electrical power supply (feed) and high mast lighting system and other utility infrastructure such as potable water, fire water, sanitary sewer, telecommunications, and IT;
- Acquisition of additional real property to facilitate site access, complete the perimeter of the site and to enable off-site mitigation of unavoidable environmental impacts;
- Construction of two deep-water berths and integrated infrastructure to facilitate approximately 1,500 linear feet of wharfage along the Delaware River that interconnects with the existing shoreline;
- Dredging to approximately 42-foot depths from MLW;
- Construction of in-terminal access roads, retaining walls and rail infrastructure;
- Construction of security gate and access control provisions;
- Acquisition and installation of rail mounted ship to shore crane;
- Creation of a maintenance facility; and
- Funding the management functions necessary to achieve the implementation and start-up of the Paulsboro Marine Terminal.

NOTE 14:
PAULSBORO MARINE TERMINAL PROJECT AND FINANCING (CONTINUED)

Key aspects of this development include the construction, commissioning, startup and operation of the Paulsboro Marine Terminal that consists of a pile-supported wharf structure combined with pile-supported access trestles and adjacent backland infrastructure. The backland infrastructure is planned to include a combination of transit sheds, warehouses, processing facilities, paved open storage areas, truck/rail loading and unloading areas, maintenance facilities and office space. In addition to the Paulsboro Marine Terminal, off-site components not being financed by the Corporation include the construction of a new vehicular access road and bridge, rehabilitation of mainline rail infrastructure and utility service (e.g. power, sewer & potable water) upgrades.

The purpose of this development is to construct and operate the Paulsboro Marine Terminal at the Port of Paulsboro, which will consist of a marine terminal and processing/distribution center within a site that has been designated by Paulsboro as an area in need of redevelopment. The Corporation anticipates that the creation of the Port of Paulsboro will enable cost effective handling of more than 3.0 million tons of deep draft, internationally sourced, non-containerized cargo.

The 2009 P Bonds were issued to finance the 2009 P Paulsboro Marine Terminal Project pursuant to the Act, Section 206(c) of the General Bond Resolution, which permits the Corporation to issue Additional Bonds for Projects consisting of the repair or the replacement of facilities (i.e., Beckett Street) that are deemed to be essential for the production of Revenues of the Corporation or for the elimination of conditions in the Corporation's facilities that are deemed to be hazardous to persons or to property, the Ninth Supplemental Resolution and the Thirteenth Supplemental Resolution.

The balance of the proceeds of the Series 2009 P Bonds were used to fund the deposit to the Debt Reserve Fund, to capitalize interest on the Series 2009 P Bonds through January 1, 2011 and to pay the costs of issuance associated with the Series 2009 P Bonds.

The aggregate deposits to the Debt Reserve Fund from the proceeds of the Series 2009 P Bonds caused the balance in the Debt Reserve Fund to be at least equal to the Debt Reserve Requirement under the Bond Resolution.

NOTE 15:
PAULSBORO MARINE TERMINAL STATUS

The South Jersey Port Corporation (SJPC) in conjunction with the Gloucester County Improvement Authority (GCIA), is in the process of redeveloping the former British Petroleum (BP) Oil Terminal and the former Essex Industrial Chemicals, Inc (Essex) properties located adjacent to the Delaware River & Mantua Creek in the Borough of Paulsboro, Gloucester County, into a new deep-water marine terminal with associated processing, distribution, and intermodal operations that will be known as the Paulsboro Marine Terminal Project. This project is being funded by the SJPC. Vehicular access will be provided via a two lane connector road and bridge structure over the Mantua Creek known as the Access Road and Bridge Project, which is being funded by the State of NJ and County of Gloucester. Combined these projects are known as the Port of Paulsboro. The project will be implemented in phases with initial terminal operations scheduled for December 2012.

The Marine Terminal Project consists primarily of two parcels: a 130 acre parcel that is owned by BP comprising the western two thirds of the project site and an adjacent 60 acre parcel identified as the Former Essex Chemical property and several smaller parcels making up this approximately 190 acre site. Phase I project elements are a two berth pile supported wharf, site development and improvements including dredging and fill, as well as 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 (Dream Park).

The Access Road and Bridge Project provides site access for vehicle traffic, particularly commercial vehicles. The access road is a two lane road connecting to Paradise Road which intersects directly to Route 44, feeding into Interstate 295 at exit 19. The new access road is approximately eight tenths of a mile long including a three span 490 foot bridge across Mantua Creek. The bridge is a steel girder structure on a concrete piers and abutments supported by piles.

As of January 2011 the Port of Paulsboro has received its NJDEP and USACOE environmental permit approvals and is working with the US Coast Guard to obtain the required bridge permit. Construction on the marine terminal commenced in early 2010 through the placement of fill material to raise the existing site elevation and demolition of existing liquid bulk unloading trestles and ship mooring infrastructure. The first quarter of 2011 will see the completion of demolition work while fill material placement continues, access road clearing and grubbing is planned for the Spring of 2011, dredging work is planed for the Summer of 2011, and wharf construction is targeted to commence in the Fall of 2011.

NOTE 16:
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 $1,403,216 as of December 31, 2010.

NOTE 17:
POST-RETIREMMENT HEALTH BENEFITS

The Port Corporation provides health care benefits to its eligible retired employees. In order for a retiree to be eligible to receive retirement benefits from the Corporation the following conditions must be met:

A. Retire with 25 or more years of service in the New Jersey State Retirement System regardless of age.

B. Retire at age 60 or later with 15 or more years of service.

Eligible retirees meeting the above requirements cannot have hospitalization insurance from another source. In addition, the retired Employee, his/her spouse and dependants, as defined in the plan, will be covered until said Employee reaches age 65. Should the Employee not reach age 65, his/her spouse and dependants will nevertheless be covered during the period up to the time the Employee would have reached the age of 65. The Corporation pays 100% of the medical and prescription cost after co-pays of single and dependent coverage for retires hired prior to January 1, 1991. The Corporation pays 80% of the medical cost and 100% of the prescription cost after co-pays of single and dependent coverage for retirees hired on or after January 1, 1991. Retires hired on or after December 1, 2000 pay $25 per week toward their benefits.

The South Jersey Port Corporation's annual Other Post-Employment Benefit cost is calculated based on the Annual Required Contribution. The actuarial cost method used to determine the Plan's funding requirements is the "Unit Credit" method. Under this method, an actuarial accrued liability is determined as the present value of earned benefits which is allocated to service before the current plan year. The normal cost amount is expected to increase annually at the discount rate, currently 5%. The Plan is currently unfunded. The unfunded actuarial liability is amortized over a period not to exceed 30 years. The following table shows the changes in the Corporation's annual Other Post-Employment Benefit cost for the year, the amount actually contributed to the Plan and changes in the Corporation's net Other Post-Employment Benefit obligation to the plan:

Annual Required Contribution	$ 237,837
Interest on Net Other Post-Employment Benefitt	-
Adjustment to Annual Required Contribution	237,837
Annual Other Post-Employment Benefit Contributions Made	-
Increase in Net Other Post-Employment Benefit Obligation	237,837
Net Other Post-Employment Benefit, Beginning of Year	2,445,088
Net Other Post-Employment Benefit, End of Yea4	$2,682,925

The Corporation's annual Other Post-Employment Benefit cost, the percentage of annual Other Post Employment Benefit cost contributed to the Plan, and the net Other Post Employment Benefit obligation (OPEB) for the year ending December 31, 2010 is as follows:

YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE CONTRIBUTED	NET OPEB OBLIGATION
12/31/10	$ 237,837	0%	$2,682,625

Actuarial assumptions were used to value the post-retirement medical liabilities. Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions. In accordance with Local Finance Notice 2008-15 issued by the New Jersey Department of Community Affairs, the Port Corporation used demographic and health care assumptions consistent with the assumptions used by the New Jersey Division of Pensions and Benefits and the State Health Benefits Plan as reported in their July 1, 2006 Actuarial Valuation to value the GASB obligations, except where it was appropriate to use different assumptions.

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 17:
POST-RETIREMENT HEALTH BENEFITS (CONTINUED)

assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that being partially funded. A discount rate of 5.0 percent was assumed, for purposes of developing the liabilities and Annual Required Contribution on the basis that the Plan would not be funded. We assumed health care costs would increase annually at a rate of 7%.

The valuation projects the cost to the South Jersey Port Corporation of providing medical, prescription drugs, dental and vision benefits to employees who remain in the medical plan after retirement (post-employment coverage). South Jersey Port Corporation self-insures the health plan. The Corporation elected to use for this valuation claims costs based on the claims costs for the South Jersey Port Corporation health claims experience and demographics. Benefit claims were based on an annual average claims cost of approximately $5,498 per covered retiree for family coverage and $2,199 for single coverage prior to age 65. The annual cost to purchase stop loss insurance is included in the total annual health care cost and the annual cost to administer the retiree claims, approximately 2%, is included in the annual health care costs. For claims cost purposes, it was assumed that married employees will remain married.

An actuarial study was conducted for the Corporation for the first time in calendar year 2007. As per GASB #45 the Corporation is not required to perform another actuarial study until 2013.

The Corporation currently has thirteen eligible retired employees receiving retirement benefits. The net Other Post-Employment Benefit obligation to the Corporation to provide benefits to the retirees for the year ended December 31, 2010, was $2,682,925. Actual cost incurred for Early Retiree Benefits for the year ended December 31, 2010 totaled $83,474.

NOTE 18:
ARITRAGE 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 October 19, 2008 and the Corporation is in material compliance with the arbitrage rebate requirements.

NOTE 19:
AIR PRODUCT/AIR GAS

During the lease term of Air Products/Air Gas, Air Products/Air Gas operations contaminated the premises. While the lease term has ended, the site is the subject of DEP oversight and remediation. Air Products/Air Gas continues to remediate the site in cooperation with SJPC and DEP. SJPC continues to carry on its books accruing rent from the termination of the lease to the present as anticipated damages for Air Products/Air Gas contamination of the site. The receivable is anticipated to be resolved in conjunction with the conclusion of the remediation process or by suit. As of December 31, 2010 lease rental billings for Air Products/ Air Gas totaled $145,855 of which $34,751 was billed during 2010 and has been recorded as deferred revenue.

NOTE 20:
HOLCM/ST. LAWRENCE LEASE

Pursuant to the Lease between SJPC and Holcim (Formerly St. Lawrence Cement), St. Lawrence Cement guaranteed an average minimum discharge of 675,000 tons per year and provided for penalties in the event the 675,000 annual tonnages was not met. As part of the agreement, SJPC acknowledged that Holcim is owed $3,300,000 for its predecessor's construction of a barge berth and paid Holcim $1,650,000. With respect to the remaining $1,650,000, SJPC has agreed to issue credits to Holcim for a percentage of the revenues generated by the Port for (a) tonnage discharged in excess of the 675,000 annual tonnage guarantee (tonnage credits) and (b) tonnage off-loaded at Pier 1A by persons or entities other than Holcim (pier usage credits).

The tonnage and pier usage credits are credited towards Holcim tonnage shortfalls under the 675,000 annual tonnage guarantee. If there is no shortfall in the annual tonnage guarantee the credits are due as payment to Holcim. It is SJPC's understanding that both the credits and any payments reduce the afore-described $1.65 million plus interest equal to the 1 year London Interbank offer rate. Once such tonnage and pier usage credits equal $1.65 million plus the LIBOR interest, Holcim is no longer entitled to any further credits. The remaining tonnage and usage credits to Holcim as of December 31, 2010 are $1,360,202.

NOTE 21:
PRIOR PERIOD ADJUSTMENTS

The following prior period adjustment was made to the financial statements.

1. This adjustment was made due to the understatement of the Post Retirement Benefits Payable liability.

Post-Retirement Benefits Payable December 31, 2009	$ 271,000
Prior Period Adjustment	2,035 000
Balance Restated	$2,306,000
Total Net Assets December 31, 2009	$48,451,301
Prior Period Adjustment	(2,035,000)
Net Assets Restated	$46,416,301

COMPARATIVE SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Revenues:						
Marine Direct:						
Leases - Marine Direct	$5,421,692	5,421,692	6,138,438	4,785,967	4,785,967	5,265,044
Crane Rental	1,412,865	1,412,865	1,202,252	2,059,433	2,059,433	1,259,581
Dockage		1,746,900	1,746,900	1,458,787	2,343,226	2,343,226
1,722,060						
Handling		2,688,768	2,688,768	3,091,161	8,033,233	8,033,233
2,633,344						
Storage	1,161,632	1,161,632	750,840	2,903,459	2,903,459	1,043,660
Wharfage	2,856,914	2,856,914	2,710,939	3,696,563	3,696,563	2,752,353
Stevedoring				2,100,000	2,100,000	
Demurrage	5,376	5,376	3,582	75,000	75,000	3,854
Total Marine Direct	15,294,147	15,294,147	15,355,999	25,996,881	25,996,881	14,679,896
Marine Related:						
Leases - Industrial	762,666	762,666	629,457	836,789	836,789	718,558
Utilities	1,808,179	1,808,179	1,547,470	1,425,395	1,425,395	1,805,366
Port of Salem Revenue	156,328	156,328	105,000	50,000	50,000	90,000
Miscellaneous	71,207	71,207	350,075	150,000	150,000	102,709
Total Marine Related	2,798,380	2,798,380	2,632,002	2,462,184	2,462,184	2,716,633
Other Income:						
Income on Investments	490,082	490,082	366,511	135,000	135,000	166,157
Miscellaneous	39,228	39,228	155,447	115,000	115,000	132,568
Total Other Income	529,310	529,310	521,958	250,000	250,000	298,725
Total Revenues	$18,621,837	18,621,837	18,509,959	28,709,065	28,709,065	17,695,254
Operating Expenses:						
Port Operations:						
Labor Expense:						
Labor Crane	$249,998	249,998	176,288	366,820	366,820	215,559
Labor Handling	1,196,474	1,196,474	1,371,743	2,600,901	2,600,901	1,194,935
Labor Repairs & Maintenance		679,324	679,324	764,688	883,058	883,058
669,134						
Security		647,064	647,064	700,218	591,770	591,770
667,158						
Supervisors	636,397	636,397	755,778	814,281	814,281	714,677
Total Labor Expense	3,409,257	3,409,257	3,768,715	5,256,830	5,256,830	3,461,463
Payroll Taxes	376,621	376,621	357,560	536,585	536,585	344,877
Workers Compensation Insurance		548,007	548,007	458,508	646,000	646,000
480,792						
Employee Benefits:						
Hospitalization	1,450,000	1,450,000	1,100,420	1,100,000	1,100,000	1,276,061
Vacation, Holiday, Sick, Pension		628,311	628,311	327,119	615,000	615,000
479,003						

COMPARATIVE SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
Handling:						
Gas & Oil	159,701	159,701	152,359	400,000	400,000	160,128
Miscellaneous	27,563	27,563	35,966	125,000	125,000	45,188
Stevedoring				2,100,000	2,100,000	
Trucking Expenses	3,921	3,921	3,484	350,000	350,000	3,284
Clerking & Checking	936,006	936,006	1,165,552	2,650,000	2,650,000	863,362
Total Handling	1,127,191	1,127,191	1,357,361	5,625,000	5,625,000	1,071,962
Rental of Equipment	4,050	4,050	14,329	125,000	125,000	7,948
Trash Removal	70,838	70,838	81,332	200,000	200,000	65,617
Lease Agreements				594,005	594,005	89,167
Security:						
Contracted Services	3,440	3,440	4,597	10,000	10,000	11,504
Other Expenses	15,593	15,593	10,624	35,000	35,000	13,517
Total Security	19,033	19,033	15,221	45,000	45,000	25,021
Port of Salem Operations	52,445	52,445	49,965	64,565	64,565	49,349
Utilities	2,588,967	2,588,967	2,321,464	2,200,000	2,200,000	2,544,652
Total Port Operations	10,343,104	10,343,104	9,897,334	17,182,985	17,182,985	9,963,468
Repairs & Maintenance:						
Buildings & Grounds:						
Contracted	232,264	232,264	180,267	300,000	300,000	265,093
Fees & Permits	22,032	22,032	26,629	150,000	150,000	31,437
Materials	114,457	114,457	111,602	225,000	225,000	111,301
Total Buildings & Grounds	368,753	368,753	318,498	675,000	675,000	407,831
Cranes:						
Contracted	154,833	154,833	134,970	120,000	120,000	121,908
Materials	64,532	64,532	48,239	80,000	80,000	61,870
Total Cranes	219,365	219,365	183,209	200,000	200,000	183,778
Mobile Machinery & Equipment:						
Contracted	14,778	14,778	14,483	75,000	75,000	16,453
Equipment	9,378	9,378	29,640	50,000	50,000	25,284
Materials	149,477	149,477	153,664	400,000	400,000	131,141
Small Tools	11,418	11,418	15,272	20,000	20,000	10,399
Total Mobile Machinery & Equipment	185,051	185,051	213,059	545,000	545,000	183,277
Total Repairs & Maintenance	773,169	773,169	714,766	1,420,000	1,420,000	774,886

COMPARATIVE SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
General & Administrative:						
Labor - Office Clerical & Related	816,964	816,964	835,665	1,006,598	1,006,598	884,680
Labor - Administrative	667,067	667,067	672,178	682,043	682,043	634,267
Payroll Taxes	143,892	143,892	128,107	141,862	141,862	133,591
Workmen's Compensation	4,236	4,236	4,236	3,600	3,600	4,589
Employee Benefits:						
Hospitalization	651,000	651,000	610,068	650,000	650,000	696,418
Pension	541,424	541,424	553,285	150,000	150,000	587,448
Insurance	1,671,627	1,671,627	1,657,661	1,800,000	1,800,000	1,584,657
Professional Fees	760,184	760,184	750,310	1,007,500	1,007,500	758,179
Miscellaneous	424,127	424,127	381,526	483,000	483,000	342,382
Telephone	62,160	62,160	52,535	75,000	75,000	61,365
Utilities	30,000	30,000	30,000	35,000	35,000	32,500
Bad Debt			15,591	100,000	100,000	
Total General & Administrative	5,772,681	5,772,681	5,691,162	6,134,603	6,134,603	5,720,076
Total Operating Expenses	16,888,954	16,888,954	16,303,262	24,737,588	24,737,588	16,458,430
Operating Income Before Other Operating Expenses	$ 1,732,883	1,732,883	2,206,697	$ 3,971,477	3,971,477	1,236,824

SCHEDULE OF NET ASSETS
DECEMBER 31, 2010

		RESTRICTED					
ASSETS	UNRESTRICTED OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE ACCOUNT	MAINTENANCE RESERVE ACCOUNT	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT	TOTAL
Current Assets:							
Cash & Cash Equivalents	$4,192,439	2,652,705	4,920,060		172,514,822	3,383	184,283,409
Investments			4,545,352		258,806		4,804,158
Accounts Receivable (Net of Allowance for Doubtful Accounts of $302,063)	2,312,475						2,312,475
Due from State			7,013,289				7,013,289
Federal Subsidy Receivable			1,623,326				1,623,326
Grants Receivable							
Other Accounts Receivable	1,131,938						1,131,938
Notes Receivable							
Prepaid Expenses	1,047,271						1,047,271
Inventory of Supplies	1,403,216						1,403,216
Interfund Accounts Receivable	30,389,012	47,322,032	25,673,730	510,175	30,433,379		134,328,328
Total Current Assets	40,476,351	49,974,737	43,775,757	510,175	203,207,007	3,383	337,947,410
Property, Plant & Equipment (Note 3)					208,433,909		208,433,909
Construction in Progress					78,297,095		78,297,095
Bond Discount & Financing Costs					16,038,442		16,038,442
Subtotal					302,769,446		302,769,446
Accumulated Depreciation & Amortization					94,427,410		94,427,410
Total Property, Plant & Equipment & Construction in Progress					208,342,036		208,342,036
Total Assets	40,476,351	49,974,737	43,775,757	510,175	411,549,043	3,383	546,289,446

SCHEDULE OF NET ASSETS
DECEMBER 31, 2010

LIABILITIES	UNRESTRICTED OPERATING ACCOUNTS	RESTRICTED: DEBT SERVICE ACCOUNT	RESTRICTED: DEBT SERVICE RESERVE ACCOUNT	RESTRICTED: MAINTENANCE RESERVE ACCOUNT	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT	TOTAL
Current Liabilities Payable from Assets:							
Accounts Payable	724						724
Contracts Payable					59,181,245		59,181,245
Capital Lease Payable					900,000		900,000
Accrued Expenses	1,609,103						1,609,103
Accrued Interest Payable		8,683,042					8,683,042
Accrued Vacation Payable	187,510						187,510
Accrued Payroll	72,519						72,519
Payroll Taxes Payable	11,538						11,538
Deferred Income	538,215						538,215
Lease Security & Escrow Deposits	166,468						166,468
Revenue Bonds - Short Term					5,675,000		5,675,000
Interfund Accounts Payable	27,154,225	41,291,695	18,047,138		47,831,887	3,383	134,328,328
Total Current Liabilities	29,740,302	49,974,737	18,047,138		113,588,132	3,383	211,353,692
Revenue Bonds (Long-Term Portion)					290,570,000		290,570,000
Early Retirement Payable	1,130,463						1,130,463
Post Retirement Benefits Payable	2,682,925						2,682,925
Capital Lease Payable					1,100,000		1,100,000
Unamortized Bond Premiums					1,575,654		1,575,654
Total Liabilities	33,553,690	49,974,737	18,047,138		406,833,786	3,383	508,412,734
NET ASSETS							
Investment in Capital Assets, Net of Related Debt				510,175	4,715,257		5,225,432
Reserve for Payment of Debt Service			25,728,619				25,728,619
Reserve for Inventory Supplies	1,403,216						1,403,216
Unreserved	5,519,445						5,519,445
Net Assets	$6,922,661		25,728,619	510,175	4,715,257		37,876,712

SCHEDULE OF CHANGES IN NET ASSETS ALL ACCOUNTS
DECEMBER 31, 2010

	OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE	MAINTENANCE RESERVE	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT	TOTAL
Net Assets, as Previously Stated	$15,650,285		25,728,619	510,175	7,448,593		49,337,672
Prior Period Adjustment	($2,035,000)						(2,035,000)
Net Assets, as Restated	$13,615,285		$25,728,619	$510,175	$7,448,593		$47,302,672
Add:							
Excess of Revenue Over Expenses	2,206,697						2,206,697
State of New Jersey:							
Debt Service Aid			7,013,289				7,013,289
PILOT Payments						4,650,000	4,650,000
Federal Subsidy Revenue			3,255,670				3,255,670
Other Contributions					326,666		326,666
Depreciation on Contributed Capital					211,963		211,963
Unrealized Gain/(Loss) on Investment	14,151				4,917		19,068
Interest on Investments					421,403		421,403
Inventory of Supplies	8,408						8,408
Interfund Transfers		17,395,203			1,795,636		19,190,839
Total	15,844,541	17,395,203	35,997,578	510,175	10,209,178	4,650,000	84,606,675
Deduct:							
Bond Interest		17,395,203					17,395,203
Depreciation/ Amortization Expense					5,281,958		5,281,958
Transfer of Depreciation to Contributed Capital					211,963		211,963
Camden City PILOT Payment						4,000,000	4,000,000
Camden County PILOT Payment							
Gloucester County PILOT Payment						150,000	150,000
Paulsboro PILOT Payment						500,000	500,000
Salem PILOT Payment							
Interfund Transfers	8,921,880		10,268,959				19,190,839
Total	8,921,880	17,395,203	10,268,959		5,493,921	4,650,000	46,729,963
Net Assets December 31, 2010	$6,922,661	-	25,728,619	510,175	4,715,257	-	37,876,712