2014

A transformational year

SOUTH JERSEY PORT CORPORATION

The core mission of the South Jersey Port Corporation is to maximize regional deep-sea maritime assets to foster economic growth and job creation in southern New Jersey. A quasi-state agency of the State of New Jersey, the SJPC was created by the State to build and operate marine terminals in the southern seven counties of the state. The SJPC currently manages and operates two deepwater marine terminals in the City of Camden on the Delaware River, 90 miles from the Atlantic Ocean. Twelve miles to the south of Camden, the SJPC is constructing a deepwater omniport with dockside rail, high-speed cranes and 190 acres of land in Paulsboro, NJ. The Paulsboro Marine Terminal is projected to open for operations in 2016. The SJPC operates a barge facility in the City of Salem City on the Salem River, 18 miles from the ocean. The SJPC also serves as the grantee of Foreign Trade Zone #142 which includes the "general purpose zones" in both Salem and Millville. The SJPC is essential to New Jersey's and the region's economy and it is a vital link in the global supply chain.

2014: A transformational year

A new South Jersey Port Corporation dawned in 2014, setting the stage for thousands of new jobs, a broad base of exciting business opportunities and a burst of sustainable growth for SJPC's marine terminals, including our new Paulsboro Marine Terminal.

In 2014, the marine terminals of the South Jersey Port Corporation in Camden, New Jersey, were often "chock-a-block"—at full capacity—with double-digit increases in cargo tonnage, launching a strong trend for 2015.

Steel imports led the way in 2014 with a 65% increase over 2013 to 900,097 short tons setting a new annual tonnage record. That trend accelerated in late 2014 with 124,549 tons of steel unloaded in December, more than double the steel tonnage of December in 2013.

The rise in steel imports reflects a growing reliance on the SJPC's marine terminals by shippers of steel from Europe to the American industrial heartland and the SJPC's partnership with Delaware River Stevedores (DRS).

During 2014, the SJPC saw its overall bulk cargoes increase 47% to 1,104,521 tons with recycled metal tonnage growing by five percent to 522,380 tons, cement tonnage increasing by 13 percent to 371,678 tons, and salt doubling to 137,622 tons. Cocoa bean imports grew by nine percent to 66,036 and wood products tonnage maintained its market share.

The SJPC's marine terminals handled 157 ships compared to 145 in 2013 and the number of ship days (i.e. the number of days a ship is loading or unloading at its terminals) increased from 385 to 474, a 22% increase.

In addition to steel, DRS provides the stevedoring and longshoremen work on a myriad of cargoes. The SJPC and DRS alliance increased efficiencies and enhanced inventory control with "ePortation." A real-time barcode tracking system, "ePortation" provides our steel customers the opportunity to monitor their cargoes through each movement throughout our marine terminals.

The SJPC forged a strong alliance with Holt Logistics to operate. SJPC's new Paulsboro Marine Terminal. Slated to open in 2016, the PMT is designed to expand the SJPC's capacity to handle the continued growth of business.

Other innovations to enhance cargo operations include SJPC's patented cargo carrier design to efficiently receive cocoa beans from shipside and convey the cargo directly into Camden International Commodities Terminal's (CICT) warehouses. This customized carrier moves cargoes quickly to


E.R. BARCELONA
MONROVIA

In 2014, the marine terminals of the South Jersey Port Corporation in Camden, New Jersey, were often "chock-a-block"—at full capacity—with double-digit increases in cargo tonnage, launching a strong trend for 2015.

storage warehouses helping CICT become one of the leading cocoa bean warehousing operations in the industry.

Camden Iron & Metal (EMR), Camden Yards Steel, Kinder Morgan, Holcim, Joseph Oat Corporation, D&M Trucking, Champion Trucking and American Transport are just a few of the companies that drive the port activity in Camden each day, providing vital services to the industry and significant economic impacts to the region.

Where once some of the world's first nuclear-powered submarines and the only nuclear freighter were built a half century ago, the Broadway Terminal (BWT) is emerging as a core center of competence, development and manufacturing for the chemical and nuclear-power industries.

The Broadway Marine Terminal is emerging as a core center of competence, development and manufacturing for the chemical and nuclear-power industries.

The Joseph Oat Company, a world leader in the design and fabrication of sophisticated, high-quality components for the nuclear power and chemical industries, has long made its home at the BWT. Now Holtec International, another world leader in the same sector, will build its $260 million campus at BWT. With both companies designing and manufacturing energy sector equipment, Camden will become a significant energy sector hub. These public-private alliances the SJPC has forged will deliver significant jobs and economic impacts far into the future because of the continuing commitment and support of the State of New Jersey, our host communities and our tenants and port users.

2014 South Jersey Port Corporation Board of Directors

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Richard A. Alaimo
Burlington County

Director
Chad M. Bruner
Gloucester County

Director
Robert A. DeAngelo, Sr.
City of Paulsboro

Director
Jonathan S. Gershen
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City of Camden

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Director Andrew P.
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State Treasurer

CHRIS CHRISTIE
GOVERNOR

KIM GUADAGNO
LT. GOVERNOR

Transmittal of annual report to the Governor of New Jersey, the Lieutenant Governor, and the Legislature

To the Governor, Lt. Governor, and Legislators,

On behalf of the Board of Directors of the South Jersey Port Corporation, I am delighted to report that 2014 was a very good business year for the SJPC, job-creation and economic growth in southern New Jersey and the future looks very bright.

This is the result of the investments by the State of New Jersey in port and its rail infrastructure and its aggressive business development incentives; a rebounding global economy; and prudent management by the SJPC.

Our tonnage in cargoes—especially in steel imports—have grown impressively and continues to trend upwards as construction of the new Paulsboro Marine Terminal moves into its final phase with operations projected to begin in 2016 to meet the needs of our growing business.

In 2014 we forged two new public-private business alliances which will bring thousands of family-sustaining jobs to our port districts ranging from logistics/cargo handling to high tech engineering and fabrication jobs.

Holtec International, a designer and manufacturer of highly sophisticated components for the electrical and nuclear power industries, will build a $260 million technology campus at the SJPC's Broadway Terminal in Camden, N.J., projecting a workforce of 5,000, including 1,000 engineers, by 2021.

Broadway Terminal has long been the home to Joseph Oat Company a world leader in the design and fabrication of sophisticated, high-quality components for the nuclear power and chemical industries.

The second alliance is with Holt Logistics, which will lease, operate and invest in the emerging Paulsboro Marine Terminal. Holt will create an additional 850 family-sustaining jobs. The alliance has signed Russia's largest steel producer, NLMK, as the first customer at PMT.

The Holtec and Holt projects were made possible through the New Jersey Economic Opportunity Act and "Grow New Jersey" economic incentive program, as week as the state investment in the Paulsboro Marine Terminal.

Yes, 2014 was a good year and a good foundation for a much brighter future.

Sincerely,

The SJPC is bringing heavy manufacturing back to the waterfront for greater efficiency and a more holistic synergism of land use and on-time supply chain.

HOLTEC's Vertical Cask Transporter

Holtec International projects a workforce of 5,000 by 2021, including more than 1,000 engineers and scientists.

Holtec will construct a 600,000-square-foot building on a 50-acre campus at SJPC's Broadway Terminal on Camden's southern border.

The Camden County Improvement Authority will spend $23 million to realign the Broadway thoroughfare east around the Terminal and the Holtec campus.

Holtec International makes plans to move its facilities to SJPC's Broadway Terminal complex

Holtec International is a designer and manufacturer of highly sophisticated components for the electrical and nuclear power industries. It will build a $260 million technology campus at SJPC's Broadway Terminal in Camden, projecting a workforce of 5,000 by 2021, including more than 1,000 engineers and scientists. This is the largest private sector investment in the history of Camden.

Holtec received $260 million in GROW-NJ funds, attractive incentives created by the State of New Jersey to create and maintain and expand jobs in financially distressed areas of the state, most notably Camden. Broadway Terminal has long been the home to Joseph Oat Company, a world leader in the design and fabrication of sophisticated, high-quality components for the nuclear power and chemical industries. While both companies will be designing and manufacturing equipment to contain nuclear energy, they will not be using or storing nuclear materials at Broadway.

The SJPC is bringing heavy manufacturing back to the waterfront for greater efficiency and a more holistic synergism of land use, logistics, on-time supply chain and market delivery.

A growing world leader in the design and fabrication of highly sophisticated components for nuclear and electric power industries, Holtec International was rapidly outgrowing its technology headquarters in a suburban office park in Marlton, New Jersey. For greater efficiency and growth, the company wanted to consolidate its research, design and manufacturing operations into one location where it could grow from hundreds to thousands of employees.

It makes sense for a more successful collaboration to have the creators—who are designing and engineering the product—to be in close proximity to the builders of the project. The more sophisticated the product, the more seamless that collaboration ought to be. It enhances quality control and increases efficiency. That strategy extends also to the supply chain of materials coming in and the final product going out of the terminal.

Holtec's founder Dr. Krishna Singh stands at the podium between Camden Mayor Dana Redd, at left, and New Jersey Governor Chris Christie, at right, at the announcement of Holtec's plans to move its operations to Camden.

On the southern border of the Broadway Terminal, in south Camden, the Holtec 50-acre campus will include several buildings for administration, design and engineering and a 600,000-square-foot manufacturing building with two 400 tons overhead cranes.

The architects of the evolving South Jersey Port Corporation met at the Paulsboro Marine Terminal in 2014 to announce the lease and operating agreement for the new facility with Holt Logistics, LLC.

At left, Governor Chris Christie, in center Senate President Stephen M. Sweeney, at right, SJPC Executive Director Kevin Castagnola, and at far right, Congressman Donald Norcross.

The evolving Paulsboro Marine Terminal gets a tenant operator and its first customer

TO ACCOMMODATE HOLTEC, SJPC reconfigured Holt Logistics' footprint at Broadway Terminal without impeding Holt's use of the facility. Holt will gain its own direct access gate to the Pier 5 facility at Broadway.

While maintaining its operations at Broadway, Holt Logistics will grow its business at the Paulsboro Marine Terminal as a tenant of SJPC. It will lease and operate the emerging omniport and will invest $10 million into the facility.

Holt projects it will create an additional 850 family-sustaining jobs at PMT. Even before construction is completed in 2016 at PMT, Russia's largest steel producer, NLMK, agreed to a long term contract with Holt to move its cargoes through PMT.

Drawing of Paulsboro Marine Terminal in Phase I

Holt Logistics will invest $10 million into Paulsboro Marine Terminal as part of its lease and operating agreement with SJPC.

Holt Logistics projects it will create an additional 850 family-sustaining jobs at Paulsboro Marine Terminal.

THE SJPC IS INVESTING $170 MILLION in Phase 1 of a state-of-the-art omniport in Paulsboro on the banks of the Delaware River, five miles south of our Broadway Terminal. At full build, Paulsboro Marine Terminal will have 2,600 feet of marginal deep-water berths, dockside rail, high-capacity dockside cranes, a barge berth and upwards of 190 acres of terminal space.

The terminal site has been raised above tidal and flood plains to ensure uninterrupted operations during storms. The piers are designed for heavy cargoes. To isolate the terminal from the residential areas of Paulsboro, enhance terminal security and give seamless access to the interstate highway system, the state of New Jersey invested $20 million to build a dedicated bridge and access road over the Mantua Creek as the main entrance to PMT.

PMT is projected to open for operations in 2016.

In alliances with Conrail and Salem County, the South Jersey Port Corporation has leveraged $117 million in local infrastructure investment to secure federal TIGER III grants.

The TIGER III grants for $23,869,010 helped fund upgrades to Conrail's Delair Bridge, the critical artery connecting Southern New Jersey to the heartland.

Additional upgrades to the 18-mile rail line from Swedesboro to Salem will allow increases in speed from 5 mph to 25 mph.

The TIGER III funding portion for SJPC's Paulsboro Marine Terminal will help provide several components of new rail infrastructure, including at grade crossing, switches, on-dock rail and the rail trestle.

The South Jersey Port Corporation and its partners are improving critical rail lines

CRITICAL CONSTRUCTION UPGRADES to rail lines connecting the South Jersey peninsula to the heartland of North America pressed forward through in 2014 funded through federal stimulus grants.

In an alliance with Conrail and Salem County, New Jersey, the SJPC has been able to leverage $117 million in local infrastructure investment, including parts of the Paulsboro Marine Terminal construction, for $23,869,010 in Transportation Investments Generating Economic Recovery (TIGER) grants.

The infrastructure improvements are critical to the South Jersey Port Corporation's intermodal marine terminals in Camden and Salem and the new omniport under construction in Paulsboro. With ship-side rail at the SJPC's deepwater terminals, cargoes can be directly off-loaded onto rail cars heading into the rich American heartland before cargo ship can clear the harbor.

The SJPC ocean terminals in Camden, Paulsboro and Salem have direct access to the major interstate highways and rail that can reach out to 100 million consumers within 24 hours from the terminals and 75% of the populations of the United States and Canada within 48 hours. The grant's rail improvements will give the SJPC's PMT terminal ship-side rail capacity, access to the North American rail network, and new markets for its customers, that the other SJPC terminals already have.

One of SJPC's partners in rail improvements won an award for its part in the project.

The SJPC terminals in Camden and Salem and the soon to be opened Paulsboro Marine Terminal are key to the development of southern New Jersey. The 42-mile rail freight line from Port Salem, through Swedesboro, Paulsboro, Camden and to the Delair Bridge connects South Jersey to the national rail network. This improvement project will upgrade the line, and build a new two-mile connection to the new docks under construction in the Paulsboro Marine Terminal.

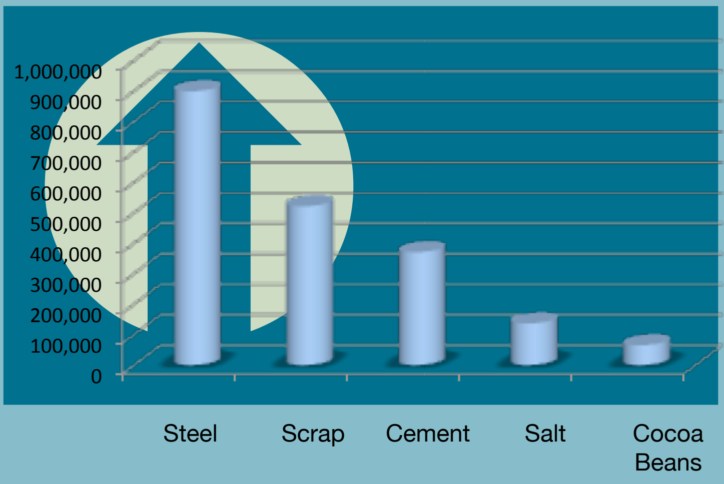
Previous poor track conditions in Salem County had limited the train speed along the 18-mile line from Swedesboro to Salem to 5 mph. With the upgrades the speed will increase from 10 to 25 mph.

The TIGER grant also funded significant and vital structural upgrades to Conrail's Delair Bridge, the critical artery connecting Southern New Jersey to the heartland.

The Delair Bridge was constructed in 1896 to connect rail across the Delaware River into northeast Philadelphia and into the national rail network. The 4,396-foot span is a lift bridge, which has a section that rises to accommodate ship traffic. Work will be completed in 2015.

The SJPC experienced the third straight year of growth in cargo tonnage, with import steel outperforming all other cargoes by far.

2014 TONNAGE INCREASES OVER 2013 TOTALS



Highlights of 2014 at the South Jersey Port Corporation

PAULSBORO MARINE TERMINAL MOVES AHEAD

During 2014, work on the Paulsboro Marine Terminal moved briskly ahead after the award of the wharf construction project to Weeks Marine. Activity included completion of the temporary trestle, delivery of the first of 827 piles for the construction of the wharf and the completion of other contracts. Early in the year, tests were conducted to determine the length of piles to be specified in the wharf construction bids. Exact information on the length of piles needed resulted in cost reductions in the final bid. Pile driving began in October and continued through the end of the year at which time about 80 of the piles had been driven. It is expected that construction of the wharf will take about 18 months. In addition monitoring wells were installed early in the year.

The PMT wharf contract includes the on-dock rail trestle, which is part of the TIGER I federal grant. The TIGER III schedules includes a completion date of December 2015. The schedule is complicated due to the Fish and Wildlife spawning moratorium that prohibits construction in the river for a three month period during the spring which would normally be a high construction period.

Governor Christie was the keynote speaker at the news conference at PMT.

SJPC TIGER III PROJECT WINS AWARD

The American Council of Engineering Companies awarded the Jacobs Engineering Group its most prestigious engineering award for its outstanding work upgrading the weight bearing capability of the Delair Bridge.

Jacobs, of Morristown, N.J., completed the SJPC-sponsored project $11 million under budget and a year ahead of schedule freeing up funds for additional SJPC infrastructure projects. The American Council of Engineering Companies awarded Jacobs its Engineering Excellence Award.

The 114-year old bridge spans the Delaware River from Delair, N.J. to Philadelphia, Pa. It is a vital rail link connecting the South Jersey Port Corporation's marine terminals and southern New Jersey to the heartland of the nation.

SECURITY IMPROVEMENTS

The Port, through the New Jersey Office of Homeland Security, won approval of three grants from the FEMA Preparedness and Program Management Technical Assistance Program in 2014. The three applications concerned development of a Continuity of Operations, Emergency Operations, and Evacuation planning. With the kickoff meeting in May, those projects were under way by the end of the year.

The SJPC and NJOHSP partnered again in 2014 to host the "Security Awareness and Vigilance for Everyone" (SAVE) training at the Broadway Terminal in March 2014. The training offered similar training the year before, attracting participants from a variety of industries.

INNOVATION IN CARGO HANDLING

SJPC has integrated real-time cargo tracking into its operations, using Intermec® handheld computers and ePortation Inc.'s Pass and Stow™ software.

The initial deployment was used in conjunction with one customer's steel coil cargoes. The test, carried out in partnership not only with the customer, but also with the Delaware River Stevedores, was a complete success from all three partners' perspectives. As a result, the Port is now prepared to offer the bar code scanning system to other customers' for their cargoes.

PAULSBORO MARINE TERMINAL

Opening anticipated in 2016

Terminal fully leased by Holt Logistics LLC

First customer signed: NLMK

CAPABILITIES

Location:	Delaware River, Paulsboro, New Jersey
Area:	200 Acres
Berths:	Phase I will be 800 LF (244 m)
Depth at MLW:	40 feet (12.2 m)
Truck gates:	Multiple
Highway Access:	Direct one-mile, limited access roadway to Interstate-295
Rail connections:	CSX, NS, and CP Rail Systems with Integrated On-Dock Rail Infrastructure
Terminal Operator:	Holt Logistics, LLC

JOSEPH A. BALZANO MARINE TERMINAL

CAPABILITIES

Location:	Joseph A. Balzano Boulevard, Camden, New Jersey
Specialized cargoes:	Wood products, steel products, cocoa beans, salt, containers, and recycled metals
Other cargoes:	Project and dry bulk cargoes
Terminal area:	122 acres (49.4 ha.)
Berths:	4 berths, totaling 2,655 LF (701 meters)
Depth at MLW:	35 ft. (10.7 m.) to 40 ft. (12.2 m.)
Storage capacity:	21 dry warehouses comprising 1,168,441 SF (108,591 sq. m.)
Heavy lift cranes:	One multi-purpose bulk/container crane, 95 tons (86.2 metric tons); one general purpose cargo/container crane, 35 tons (31.8 metric tons)
Direct transfer:	Direct to and from truck/rail/vessel
Truck gates:	Balzano Boulevard main gate & 6 storage area gates
Highway access:	Direct to I-676, I-76, US Rt.130 and I-295
Rail connections:	CSX, NS, and CP rail systems with integrated on-dock rail infrastructure
Other features:	Food grade warehousing; innovative direct discharge for bulk cargoes; custom cargo carriers for direct discharge to storage; all-weather loading; temperature control warehouse

BROADWAY TERMINAL

CAPABILITIES

Location:	Broadway at Morgan Boulevard, Camden, New Jersey
Cargoes:	Furnace slag, salt, other dry bulks, steel products, wood products, minerals, cocoa beans
Terminal area:	106 acres (42.8 ha.)
Berths:	2: 1,700 LF (518.16 m.)
Depth at MLW:	Pier 1 – 35 ft. (10.7 m.), Pier 2 – 40 ft. (12.2 m.)
Storage capacity:	36 dry warehouses providing 1.128 million SF (102,600 sq. m.)
Cranes:	Multi-purpose electric – 95 tons (86.2 metric tons)
Direct transfer:	Direct to and from truck/rail/vessel
Truck gates:	1
Highway access:	Direct to I-676, I-76, US Rt.130 & I-295
Rail connections:	CSX, NS, and CP rail systems
Other features:	Full-service facility for all breakbulk and bulk cargoes; bulk car go storage area with direct rail service; marine-related industrial park services

BROADWAY TERMINAL, PIER 5

CAPABILITIES

Owner:	South Jersey Port Corporation
Lessee:	Camden Waterfront LLC
Location:	Port of Camden, Broadway Terminal, 2500 Broadway, Camden, New Jersey
Specialized cargoes:	Perishables
Terminal area:	28 acres (11.3 ha.)
Berths:	1 berth: 1,135 LF (346 m.)
Depth at MLW:	35 ft. (10.7 m.)
Storage capacity:	3 temperature-controlled warehouses: 60,000 SF (5,574 sq. m.), 75,000, SF (6,968 sq. m) and 53,400 SF (4,961 sq. m) 1 dry - 25,000 SF (2,322.6 sq. m.)
Reefer plugs:	175
Direct transfer:	Direct to truck/rail,LCL and FCL handling
Truck gates:	2
Loading docks:	40
Other features:	2,000 ft. of rail siding for intermodal COFC transfer

SALEM MARINE TERMINAL

CAPABILITIES

Location:	Salem, New Jersey at Exit 1 of the New Jersey Turnpike
Lessee:	National Docks LLC
Specialized cargoes:	Sand and gravel
Other cargoes:	Various dry bulk and project cargoes, wearing apparel, and motor vehicles
Terminal area:	28 acres (11.33 ha.)
Berths:	1: 350 LF (106.7 m.), 130 ft. sheathed (40 m.)
Storage capacity:	60,000 SF of shed and warehouse space (5,574 sq. m.)
Highway access:	Direct access to Rt. 49, Rt. 45 with access to US 130, I-295 and NJ Turnpike
Special features:	The Port of Salem includes a general purpose Foreign Trade Zone (No. 142) in combination with nearby Millville (NJ) Airport)

FOREIGN TRADE ZONE No. 142

South Jersey Port Corporation is the grantee of FTZ No. 142 with two general purpose locations; one at the Port of Salem and the other at the Millville Airport. SJPC has developed several subzones within the seven-county port district.

An FTZ is a duty-free, quota-free, secured area in a designated customs "port of entry" considered outside U.S. Customs territory. Within a zone, foreign goods can be brought into the country without formal customs entry for warehousing, assembly, manufacturing, display, destruction, or other processing. Duty payments can be deferred, reduced or eliminated within an FTZ.

Administrative Officers and Staff of The South Jersey Port Corporation

EXECUTIVE DIRECTOR & CEO
KEVIN CASTAGNOLA

DEPUTY EXECUTIVE DIRECTOR
JAY JONES

TREASURER & CFO
BRUNO N. CELLUCCI

PORT ENGINEER
HENRY D'ANDREA

Daniel F. Aaron
George R. Aaron
David Acevedo
Robert Albanese
Michael Anderson
Stephen Anderson
Kevin Armstrong
Rasheem Bailey
Robert Bak
Eddie W. Bell
Steven A. Bell
Robert F. Bessing
Michael Bosco
Anthony Boyizigies
John Bowyer
Patrick R. Boyle
Charles Bradshaw
Robert Britland
David Buffetta
Joseph Burleigh
Carl Burt
Manuel R. Cachu
Nicholas Capaldi
Lawrence Casanova
Albert Celeste
Brun Cellucci
Rich Ciafullo III
Anthony R. Colavita
Michelono Colavita
Rich Ciaful

Urban Cooper
Kenneth E. Cosby
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Wieslaw Czajka
Vincent D'Alessio
Timothy J. D'Amico
Ronald Daniels
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Joseph P. Deluca
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Harry Demiani
Jeffrey Dick
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Donell Farrish
Earl Farrish
Nicholas Fini Jr.
Christopher Forjohn
Raymond Gallagher
Julio Garcia
Brenda Gill
Alvin Gindhart
Oanh Glanz
Kevin Greenjack
Robert Guff
Patrick J. Haley
Jesse Hamrick

Joshua Harris
Karol R. Hoffman
Rose Hope
Robert J. Jack
Thomas Johnson
Pawel Kasprzak
Thomas Kavano Jr.
Roland Kates
Joseph Knecht
William Kelley
Leonard Korte
George A. Kuesel III
Herbert Lambert
Michael E. Lang
Edward Loatman
David Lenhart
Edward Luedtke
Louis Malatesta
Panteleimon Mastalos
Joseph Maurer
Rosemarie McBride
Sylvestery McKenzie
Roy McCormick IV
David McGoldrick
William H. Means
Douglas L. Miller
David Mitchell
Shaun Monk
George (Greg) Mortimer
Joseph M. Monturano

Moses Mumford
Frank Nestore
Shawn Norman
Lien Nguyen
Joseph O'Leary
Juan A. Pena
Antonio Pimpinella
Joseph Puglia
Robert W. Purcell
Heriberto Reyes
David Rivera
Thomas Rogers
Kenneth Rossi
Ricky Santiago
Thomas Schilder
Shane M. Schooley
Gary Schreyer
Steven Scott
Richard Sewekow
Carl Siegfried
Russel Sockwell
Mark Stang
John R. Striewski
Harry Trump
Michael L. Vindick
Brett Walker
Robert A. Weyand Jr.
Andrew Wojcik
Noe Yax-Santos

EXECUTIVE ORDER #37 (2006)

Certification of Annual Audit for Year Ending 2014

WE ARE PLEASED TO PRESENT this report containing a record of the significant actions taken by the Port Corporation in 2014; 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 2014. 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, 2014.

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.

Kevin Castagnola, *CEO and Executive Director*
Bruno N. Cellucci, *CPA, Treasurer / CFO*

PLEASE NOTE

The SJPC financial report has been reformatted specifically for this publication. Please refer to the original document if you need to rely on any of the financial information contained herein.

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of the South Jersey Port Corporation, a component unit of the State of New Jersey, in the County of Camden, State of New Jersey, as of and for the fiscal years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the aggregate remaining fund information

Independent Auditor's Report, continued

of the South Jersey Port Corporation as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Jersey Port Corporation's basic financial statements. The Introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In my opinion the combining and individual non-major financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated March 31, 2015 on my consideration of the South Jersey Port Corporation's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Respectfully submitted,
Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
March 31, 2015

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

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
101 Joseph A. Balzano Boulevard
Camden, New Jersey 08103

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, business-type activities and the aggregate remaining fund information of the South Jersey Port Corporation, County of Camden, State of New Jersey, as of and for the fiscal year ended December 31, 2014, and related notes to the financial statements, which collectively comprise the South Jersey Port Corporation's basic financial statements, and have issued my report thereon dated March 31, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Jersey Port Corporation statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial

Auditor's Report on Internal Control, continued

statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that are required to be reported under Government Auditing Standards or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,
Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
March 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED

Pursuant to the requirements of Governmental Accounting Standards Board (GASB) 34, the management of the South Jersey Port Corporation (the Port) offers the readers of the Port's financial statements a narrative overview and analysis of the activities of the Port for the fiscal period ending December 31, 2014.

GENERAL PORT OVERVIEW

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

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

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

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

While construction on the marine terminal commenced in early 2010, key waterfront development related environmental permits were obtained in October 2010 and January 2011. As of January 2015, the Port of Paulsboro has completed (i) site demolition; (ii) the installation of nearly 3,000 feet of new perimeter retaining wall; (iii) dredging and dredged material management activities associated with approximately 350,000 cubic yards; (iv) the extension of over 150 ground water monitoring wells and 15 recovery wells; (v) the placement of nearly 500,000

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED, continued from page 25

cubic yards of clean fill material that has raised the terminal's grade to above the 100-year floodplain elevation; (vi) the installation of roughly two miles of storm water management system piping; (vii) renovations to the marine terminal administration office; (viii) the construction of the access road and bridge; and (ix) the construction of a new tidal wetland. In late 2014, the phase 1 wharf construction commenced with pile driving activities, and the construction of the concrete superstructure will continue throughout 2015, into early 2016. The terminal infrastructure such as utilities, rail track and internal roadways will commence in mid-2015. Completion of the Phase I construction program is targeted for early calendar year 2016.

Approximately 2.27 million tons of cargo passed through the Port Corporation's facilities in 2014. 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 filled 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, 2014 by $52,276,952. Included in this amount are $9,925,716 net investments in capital assets. Also included are $24,759,830 reserved for debt service payment, reserve for supply of inventories on hand of $1,456,922, and unreserved retained earnings of $16,134,484.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED, continued from page 26

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 is available for the marine terminal project; which provides sufficient funding 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. On September 27, 2012 the South Jersey Port Corporation received bids on two Bond Series of refunding bonds, Series 2012 Q Bonds and 2012 Series R Bonds. The purpose of these issuances was to realize debt service savings through the refinancing of the callable portion of the Corporation's outstanding Series 2002 K and Series L Bonds. The 2012 Series Q Bonds refinance the Series K Bonds, and the 2012 Series R Bonds refinance the Series L Bonds. In total $77,305,000 in principal were refunded with these issuances. Total debt service savings was $14,824,511. There will be debt service savings in every year of the life of the bonds. Approximately, half of the total savings will be realized the first two years as per the direction of the State of New Jersey Treasury Department.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED, continued from page 27

FINANCIAL ANALYSIS

Port assets exceeded Port liabilities by $52,276,952 at December 31, 2014.

PORT'S NET POSITION

ASSETS	2014	2013
Current & Other Assets	$112,357,677	$129,284,067
Capital Assets (Net)	256,411,449	208,265,658
Total Assets	368,769,126	337,549,725
LIABILITIES		
Current Liabilities	53,713,805	18,262,122
Long-Term Liabilities	258,090,192	269,564,783
Total Liabilities	311,803,997	287,826,905
DEFERRED INFLOWS OF RESOURCES		
Service Concession Arrangements	671,592	818,615
Unamortized Bond Premium	4,016,585	4,494,607
Total Deferred Inflows of Resources	4,688,177	5,313,222
NET POSITION		
Net Investment in Capital Assets	9,925,716	3,748,372
Restricted for:		
Reserve for Payment of Debt Service	24,759,830	24,759,830
Reserve for Inventory Supplies	1,456,922	1,418,585
Unrestricted:		
Unreserved	16,134,484	14,482,811
Total Net Position	$52,276,952	$44,409,598

A portion of the Port's Net Position reflects its net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment) less any related debt to acquire those assets that remain outstanding. Currently the amount of $9,925,716 reflects the current Net Investment in Capital Assets. An additional portion of the Port's Net Position represents resources that are subject to external restrictions on how they may be used. They are used for capital projects, debt service payments, and city and county tax payments. Unrestricted Net Position is available for any Port related use.

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED, continued from page 28

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Port Activities

Port activity for 2014 resulted in operating income before depreciation and amortization of $3,649,638.

	2014	2013
Operating Revenues:		
Marine Direct	$20,878,397	$18,220,505
Marine Related	2,085,865	1,978,539
Other	801,950	583,134
Grant Revenue	3,810,392	0
Total Operating Revenues	27,576,604	20,782,178
Operating Expenses:		
General Operating	12,630,349	10,354,306
Repairs & Maintenance	1,202,255	868,979
General & Administrative	6,283,970	5,904,802
Grant Expenses	3,810,392	0
Total Operating Expenses	23,926,966	17,128,087
Operating Income Before Other Operating Expenses	3,649,638	3,654,091
Other Operating Expenses:		
Depreciation	4,501,052	3,180,509
Total Other Operating Expenses	4,501,052	3,180,509
Operating Income/(Loss) After Other Operating Expenses	(851,414)	473,582
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	53,232	522,569
Insurance Proceeds	320,052	42,955
Federal Subsidy Revenue	3,011,269	2,988,543
Unrealized Gain/(Loss) on Investment	37,680	341,994
Revaluation of Other Post Employment Benefit Liability	1,303,697	0
Interest Expense	(14,964,426)	(15,267,037)
Net Nonoperating Revenue/(Expenses)	(10,238,496)	(11,370,976)

MANAGEMENT'S DISCUSSION AND ANALYSIS

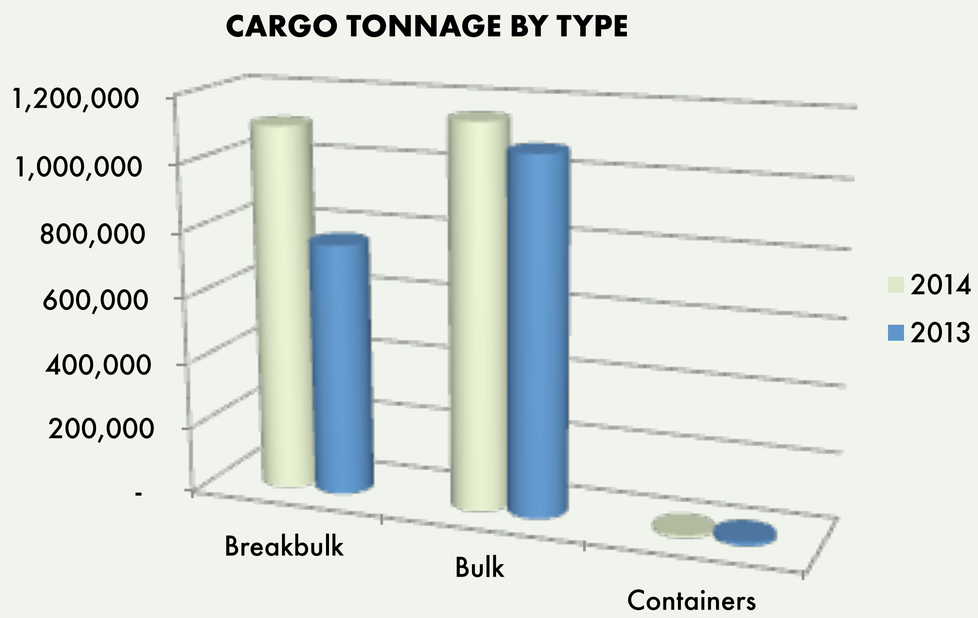
UNAUDITED, continued from page 29

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

Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	18,918,927	14,756,323
Camden City PILOT Revenues	4,000,000	4,000,000
Camden City PILOT Expenditures	(4,000,000)	(4,000,000)
Camden County PILOT Revenues	419,000	419,000
Camden County PILOT Expenditures	(419,000)	(419,000)
Salem PILOT Revenues	31,224	31,224
Salem PILOT Expenditures	(31,224)	(31,224)
Paulsboro PILOT Revenue	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	38,337	(106)
Total Operating Transfers	18,957,264	14,756,217
Change in Net Position	7,867,354	3,858,823
Net Position - January 1	44,409,598	48,923,657
Prior Period Adjustment		(8,372,882)
Net Position - January 1, as Restated	$44,409,598	$40,550,775
Net Position - December 31	$52,276,952	$44,409,598

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED, continued from page 30

Cargo Tonnage
The South Jersey Port Corporation activity for 2014 totaled 2,264,746 tons. This is an increase of 24% as compared to 2013. The total tonnage increase is due primarily to an increase in steel products.



Breakbulk
Breakbulk activity for 2014 finished 47% or 340,850 tons higher when compared to 2013 Port totals. Import steel tonnage for 2014 set a new record at 900,097 tons, beating the 1997 record of 752,542 tons. Cocoa Beans increased by 9% over 2013. Wood Products decreased by 19%.

Bulk
Overall Bulk activity increased by 8% or 80,519 tons in 2014 when compared to 2013 totals. For the year 2014, Cement increased by 371,678 tons. Grancem® tonnage dropped by 34% in 2014. There were 137,622 tons of Salt imports during the year. We also handled 10,821 tons of Zorba 10. There was no activity for salt or Zorba 10 in 2013. The 522,380 tons of exported scrap metals in 2014 was a 5% increase over 2013. 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.

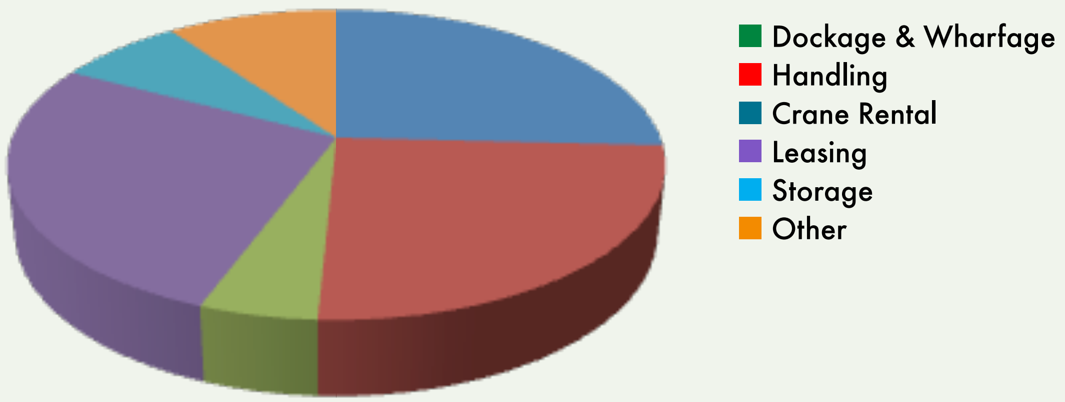
Containers
Container tonnage for the year 2014 was 8,400 tons compared to 11,611 tons in 2013.

Other Activity
Ship calls totaled 157 for the year ended 2014, 12 more than 2013. Ship days in 2014 totaled 472, an increase of 87 days from 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED, continued from page 31

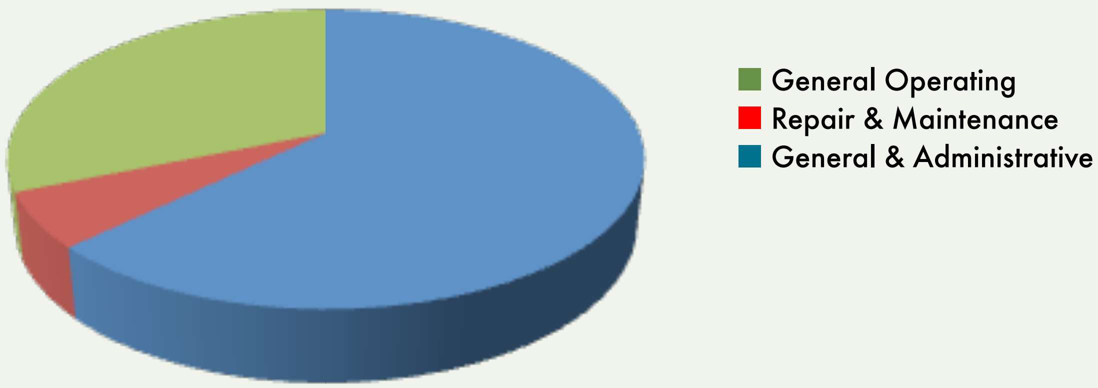
Operating Revenues
The Port Corporation generated $27,576,604 total in operating revenues in 2014. This represents an overall increase of $6,794,426 or a little over 32% over 2013 totals.

2014 REVENUE BY SOURCE



Operating Expenses
Total Corporation operating expenses were $23,926,966 in 2014, an increase of $6,798,879 when compared to 2013.

2014 OPERATING EXPENSES



MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED, continued from page 32

Capital Assets

The Port's investment in Capital assets as of December 31, 2014 is $256,411,449.

The investment in capital assets include land, buildings, piers and berths, and machinery and equipment. Net capital assets increased by $48,145,791 in 2014 over 2013. Annual depreciation and amortization reduced net property, plant and equipment.

Capital Assets

	2014	2013
Land	$18,235,317	$18,235,317
Building & Improvements	47,328,276	46,868,660
Land Improvements	118,162,942	118,162,942
Equipment	24,707,031	24,565,960
Engineering & Other	7,203,729	7,212,809
Financing Costs	9,159,938	9,159,938
Subtotal	$224,797,233	$224,205,626
Less: Accumulated Depreciation & Amortization	107,061,460	102,425,902
Subtotal	117,735,773	121,779,724
Construction in Progress	138,675,676	86,485,934
Total	$256,411,449	$208,265,658

Long-Term Debt

As of December 31, 2014 the Port had accumulated long-term debt of $258,090,192. This balance is comprised of the following:

Long-Term Debt

	2014	2013
Revenue Bonds	$256,210,000	$271,475,000
Capital Lease	700,000	2,000,000
Post Retirement Benefits		1,303,697
Early Retirement	1,180,192	1,171,086
Total	$258,090,192	$275,949,783

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED, continued from page 33

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 on October 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, 2009, the Port Issued $25,885,000 in Marine Terminal Bonds, 2012 Series O Bonds. On December 30, 2009 the Port Issued $157,880,000 in Marine Terminal Revenue Bonds, 2009 Series P Bonds. On October 17, 2013 the Port Issued Series Q&R $77,305,000 Revenue Refunding 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, 2012 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.

In July 2014, the South Jersey Port Corporation entered into the Holtec Project Development Agreement to foster the creation of the Holtec Technology Center at the Broadway Terminal in Camden. The project, representing the largest private investment in Camden history, will redevelop fifty acres within the terminal and transform the area into a state-of-the-art energy research, testing, training and manufacturing center. The lease agreement between SJPC and Holtec Technology Center for the ground lease at the Broadway Terminal was fully executed on February 26, 2015. The agreement specifies the lease land acquisition payments and states that on the date of execution of the lease, Tenant shall pay Landlord ten percent of the total Net Initial Base Rent. As such, the first payment of $1,132,063.80 is expected to be received by SJPC during the month of April 2015.

STATEMENT OF NET POSITION
DECEMBER 31, 2014

ASSETS	2014	2013
Current Assets:		
Unrestricted Assets:		
Cash & Cash Equivalents	$6,967,865	8,612,249
Accounts Receivable (Net of Allowance for Doubtful Accounts - $369,345 in 2014 and $341,243 in 2013)	4,486,302	2,962,604
Other Accounts Receivable	1,720,433	804,974
Prepaid Expenses	213,617	297,899
Inventory of Supplies	1,456,922	1,418,585
Total Unrestricted Current Assets	14,845,139	14,096,311
Restricted Assets:		
Cash & Cash Equivalents	73,612,732	91,499,981
Investments	4,895,993	8,931,452
Other Accounts Receivable	84,886	
Due from State of New Jersey	18,918,927	14,756,323
Total Restricted Current Assets	97,512,538	115,187,756
Property, Plant & Equipment (Note 5):		
Completed	215,637,295	215,045,688
Construction in Progress	138,675,675	86,485,934
Bond Financing Costs	9,159,938	9,159,938
Total Property, Plant & Equipment	363,472,908	310,691,560
Less: Accumulated Depreciation & Amortization	107,061,459	102,425,902
Net Property, Plant & Equipment	256,411,449	208,265,658
Total Assets	368,769,126	337,549,725

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

STATEMENT OF NET POSITION, *continued*
DECEMBER 31, 2014

LIABILITIES	2014	2013
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	354,027	69,457
Accrued Expenses	402,929	1,177,503
Payroll Taxes Payable	62,531	52,139
Accrued Vacation Payable	207,897	180,230
Lease Security & Escrow Deposits	209,151	208,595
Total Current Liabilities Payable From Unrestricted Assets	1,236,535	1,687,924
Current Liabilities Payable From Restricted Assets:		
Accrued Interest Payable	7,431,746	7,521,359
Contracts Payable	33,665,524	2,667,839
Revenue Bonds (Short-Term Portion)	10,080,000	5,185,000
Capital Lease Payable	1,300,000	1,200,000
Total Current Liabilities Payable From Restricted Assets	52,477,270	16,574,198
Long-Term Liabilities:		
Long-Term Liabilities Payable From Unrestricted Assets:		
Early Retirement Payable	1,180,192	1,171,086
Post-Retirement Benefits Payable		1,303,697
Total Long-Term Liabilities Payable From Unrestricted Assets	1,180,192	2,474,783
Long-Term Liabilities Payable From Restricted Assets:		
Revenue Bonds (Long-Term Portion)	256,210,000	266,290,000
Capital Lease Payable	700,000	800,000
Total Long-Term Liabilities Payable From Restricted Assets	256,910,000	267,090,000
Total Liabilities	311,803,997	287,826,905
DEFERRED INFLOWS OF RESOURCES		
Service Concession Arrangements	671,592	818,615
Unamortized Bond Premium	4,016,585	4,494,607
Total Deferred Inflows of Resources	4,688,177	5,313,222

STATEMENT OF NET POSITION, *continued*
DECEMBER 31, 2014

NET POSITION		
Net Investment in Capital Assets	9,925,716	3,748,372
Restricted:		
Reserve for Payment of Debt Service	24,759,830	24,759,830
Reserve for Inventory of Supplies	1,456,922	1,418,585
Unrestricted:		
Unreserved	16,134,484	14,482,811
Total Net Position	$52,276,952	44,409,598
Total Liabilities, Defeased InFlows of Resources and Net position	$368,769,126	$337,549,725

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended December 31, 2014

	2014	2013
Operating Revenues:		
Marine Direct	$20,878,397	18,220,505
Marine Related	2,085,865	1,978,539
Other	801,950	583,134
Grant Revenue	3,810,392	
Total Operating Revenues	27,576,604	20,782,178
Operating Expenses:		
General Operating	12,630,349	10,354,306
Repairs & Maintenance	1,202,255	868,979
General & Administrative	6,283,970	5,904,802
Grant Expenses	3,810,392	
Total Operating Expenses	23,926,966	17,128,087
Operating Income Before Other Operating Expenses	3,649,638	3,654,091
Other Operating Expenses:		
Depreciation	4,501,052	3,180,509
Total Other Operating Expenses	4,501,052	3,180,509
Operating Income/(Loss) After Other Operating Expenses	(851,414)	473,582
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	53,232	522,569
Insurance Proceeds	320,052	42,955
Federal Subsidy Revenue	3,011,269	2,988,543
Unrealized Gain/(Loss) on Investment	37,680	341,994
Revaluation of Other Post Retirement Benefit Liability	1,303,697	
Interest Expense	(14,964,426)	(15,267,037)
Net Nonoperating Revenue/(Expenses)	(10,238,496)	(11,370,976)
Net Income/(Loss) Before Contributions and Transfers	(11,089,910)	(10,897,394)

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, *continued*
For the year ended December 31, 2014

	2014	2013
Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	18,918,927	14,756,323
Camden City PILOT Revenues	4,000,000	4,000,000
Camden City PILOT Expenditures	(4,000,000)	(4,000,000)
Camden County PILOT Revenues	419,000	419,000
Camden County PILOT Expenditures	(419,000)	(419,000)
Salem PILOT Revenues	31,224	31,224
Salem PILOT Expenditures	(31,224)	(31,224)
Paulsboro PILOT Revenues	500,000	500,000
Paulsboro PILOT Expenditures	(500,000)	(500,000)
Gloucester County PILOT Revenues	150,000	150,000
Gloucester County PILOT Expenditures	(150,000)	(150,000)
Change in Inventory of Supplies	38,337	(106)
Total Operating Transfers	18,957,264	14,756,217
Change in Net Position	7,867,354	3,858,823
Net Position (January 1	44,409,598	48,923,657
Prior Period Adjustment		(8,372,882)
Net Position (January 1, as Restated	44,409,598	40,550,775
Net Position (December 31	$52,276,952	44,409,598

STATEMENT OF CASH FLOWS
For the year ended December 31, 2014

	2014	2013
Cash Flows From Operating Activities:		
Receipts from Customers	$24,546,255	22,034,455
Interest Receipts	590,588	436,710
Payments to Employees	(5,988,540)	(4,868,699)
Payments for Employee Benefits	(4,183,893)	(4,468,562)
Payments to Suppliers	(15,828,322)	(6,932,993)
Net Cash Provided/(Used) by Operating Activities	(863,912)	6,200,911
Cash Flows From Noncapital Financing Activities:		
Developers' Escrow Refunds	556	(27,896)
Net Cash Provided/(Used) by Noncapital Financing Activities	556	(27,896)
Cash Flows From Capital & Related Financing Activities:		
Acquisition & Construction of Capital Assets	(20,643,253)	(6,510,739)
Federal Interest Subsidy	3,011,269	2,988,543
Insurance Proceeds	320,052	42,955
Bond Proceeds		84,469,827
Interest Paid on Revenue Bonds	(15,054,039)	(16,774,858)
Principal Paid on Revenue Bonds	(5,185,000)	(91,565,000)
State Aid for Debt Service	14,756,323	12,831,031
Camden City PILOT Revenues	4,000,000	4,000,000
Camden City PILOT Payments	(4,000,000)	(4,000,000)
Camden County PILOT Revenues	419,000	419,000
Camden County PILOT Payment	(419,000)	(419,000)
Paulsboro PILOT Revenues	500,000	500,000
Paulsboro PILOT Expenditures	(500,000)	(500,000)
Gloucester County PILOT Revenues	150,000	150,000
Gloucester County PILOT Payment	(150,000)	(50,000)
Salem PILOT Revenues	31,224	31,224
Salem PILOT Payment	(31,224)	(31,224)
Net Cash Provided/(Used) by Capital & Related Financing Activities	(22,794,648)	(14,518,241)
Cash Flows From Investing Activities:		
Unrealized Gain/(Loss) on Investment	37,680	341,994
Interest & Dividends	53,232	522,569
Net Cash Provided/(Used) by Investing Activities	90,912	864,563

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

STATEMENT OF CASH FLOWS, *continued*
For the year ended December 31, 2014

	2014	2013
Net Increase/(Decrease) in Cash & Cash Equivalents	(23,567,092)	(7,480,663)
Balances - Beginning of Year	109,043,682	116,524,345
Balances - End of Year	$85,476,590	109,043,682

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

	2014	2013
Operating Income/(Loss)	($851,414)	473,582
Adjustments to Reconcile Operating Income/(Loss)		
to Net Cash Provided/(Used) by Operating Activities:		
Operating Activities:		
Depreciation & Net Amortization	4,501,052	3,180,509
(Increase)/Decrease in Accounts Receivable, Net	(2,524,043)	1,808,326
(Increase)/Decrease in Prepaid Expenses	84,282	(119,339)
Increase/(Decrease) in Accounts Payable	(1,963,539)	591,375
Increase/(Decrease) in Accrued Liabilities	27,667	28,645
Increase/(Decrease) in Early Retirement Payable	9,106	11,523
Increase/(Decrease) in Concession Arrangements	(147,023)	226,290
Total Adjustments	(12,498)	5,727,329
Net Cash Provided/(Used) by Operating Activities	($863,912)	6,200,911

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

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;* Statement 43 & 45 – *Accounting and Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans* and Statement 67 – *Financial Reporting for Pension Plans*.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets was renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Whereas the provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011, the Corporation has implemented this Statement for the year ended December 31, 2012.

In March 2012, The GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The effect of this implementation resulted in a prior period adjustment described in Note 19.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

1. Summary of Significant Accounting Policies (continued):

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, 2014 for the year then ended.

Reporting Entity:

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

The South Jersey Port Corporation is a component unit of the State of New Jersey as described in Governmental Accounting Standards Board Statement No. 14 due to the existence of the above stated act, *N.J.S.A.12: 11A*. These financial statements would be either blended or discreetly presented as part of the State of New Jersey's financial statements if the State reported using generally accepted accounting principles applicable to governmental entities.

The operations of the Port are under the directorship of an eleven-member board. The Governor of the State appoints members for a term of five years. The day-to-day operations of the Port are under the administration of the Executive Director with approximately 103 full time employees and 13 part time employees.

The primary criterion for including activities within the Corporation's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

1. Summary of Significant Accounting Policies (continued):

Accounting Policies and Basis of Presentation

a) **Basis of Accounting** - The basic financial statements of the South Jersey Port Corporation have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles.

b) **Cash Equivalents** - For purposes of the statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with maturity of one year or less to be cash equivalents.

c) **Investment in Property, Plant and Equipment** – Investment in Property, Plant and Equipment is stated at cost, which generally includes net capitalized interest expense (See Note 5) as well as professional fees incurred during the construction period.

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

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

d) **Marine Terminal Revenue Bond Resolution**
The Corporation is subject to the provisions and restrictions of the Marine Terminal Revenue Bond Resolution adopted 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, July 28, 2009 and October 17, 2012. The revenues generated by operations are to be distributed monthly based upon the following priorities:

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

1. Summary of Significant Accounting Policies (continued):

5) **Tax Reserve Account** - such amount to increase the balance in the Payment Account to equal the Property Tax Reserve and then such amount to increase the balance in the Reserve Account to equal the tax payments for the current year.
6) **General Reserve Account** - such amount that remains after all previously mentioned requirements.

The following is a summary of the functions and activities 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 THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

1. Summary of Significant Accounting Policies (continued):

DEBT SERVICE ACCOUNT

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

Debt Service payments for 2014 included $5,185,000 for principal and $14,953,105 for interest. Funds were provided as follows:

Debt Service Reserve Fund	$ 7,966,093
Construction Fund	12,172,012
Total	$20,138,105

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 $18,918,927.

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 $24,759,830.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

1. Summary of Significant Accounting Policies (continued):

PROPERTY RESERVE ACCOUNT

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

TAX RESERVE ACCOUNT

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

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

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

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

During 2014 the State of New Jersey paid to the Corporation $4,000,000 for Camden City, $419,000 for Camden County, $500,000 for Paulsboro Township, $150,000 for Gloucester County, $31,224 for Salem City to provide sufficient funds for tax payments.

GENERAL RESERVE ACCOUNT

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

1. Summary of Significant Accounting Policies (continued):

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

CONSTRUCTION ACCOUNT

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

The South Jersey Port Corporation has issued various bonds as outlined in Note 6 for the improvement of the port facilities, debt reserve funds and capitalized interest. Series K and L were issued in December 2002 and these funds have been refunding during 2013 with Series Q and R. 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, 2014 through the date of March 31, 2015, which is the date the financial statements were available to be issued.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 2. Cash & Cash Equivalents

The Corporation is governed by the deposit and investment limitations of New Jersey state law. The Deposits and Investments held at December 31, 2014, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	$ 76,298,411
Total Deposits	$ 76,298,411

Reconciliation of Statement of Net Position:

Current:	
Unrestricted Assets:	
Cash & Cash Equivalents	$ 6,967,865
Restricted Assets:	
Cash & Cash Equivalents	69,330,546
Total	$ 76,298,411

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. The Corporation does not have a deposit policy for custodial credit risk. As of December 31, 2014, the Corporation's bank balance of $80,780,229 was insured or collateralized as follows:

Insured	$ 895,942
Collaterized in the Corporation's Name Under GUDPA (See Note 3)	18,617,403
Collaterized not in the Corporation's Name (New Jersey Cash Management Fund)	61,266,884
Total	$ 80,780,229

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 3. Investments

A. Custodial Credit Risk — For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Corporation, and are held by either the counterparty or the counterparty's trust department or agent but not in Corporation's name. All of the Corporation's investments are held in the name of the Corporation and are collateralized by GUDPA.

B. Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Corporation has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2014, are provided in the above schedule.

C. Investment Credit Risk — The Corporation has no investment policy that limits its investment choices other than the limitation of state law as follows:

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 3. Investments (continued):

As of December 31, 2014, the Corporation had the following investments and maturities:

Investment	Maturities	Rating	Fair Value
FHLMC Discount Notes	4/28/15	N/A	$ 47,987
Federal Home Loan Discount Notes	2/03/15	N/A	4,029,919
US Treasury Notes	6/30/15	AAA	818,087
Total			$4,895,993

Note 4. Governmental Unit Deposit Protection Act (GUDPA)

The Corporation deposited cash in 2013 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

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

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 THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 5. Property, Plant & Equipment

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

	BALANCE DECEMBER 31, 2013	ADDITIONS	DELETIONS	RECLASS/ ADJUSTMENTS	BALANCE DECEMBER 31, 2014
Land	$ 18,235,317				$ 18,235,317
Buildings & Improvements	46,868,660	$ 459,616			47,328,276
Land Improvements	118,162,942				118,162,942
Equipment	24,565,960	141,071			24,707,031
Engineering & Other	7,212,809			(9,080)	7,203,729
Financing Costs	9,159,938				9,159,938
Subtotal	224,205,626	600,687	-	(9,080)	224,797,233
Less: Accumulated Depreciation Amortization	(102,425,902)	(4,644,637)		9,080	(107,061,459)
Subtotal	121,779,724	(4,043,950)	-	-	117,735,774
Construction in Progress	86,485,934	52,189,741	-	-	138,675,675
Total	$208,265,658	$48,145,791	$ -	$ -	$256,411,449

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 6. Pension Plan

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. VESTING AND BENEFIT PROVISIONS
The vesting and benefit provisions of PERS are set by N.J.S.A.43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 6C below.

C. SIGNIFICANT LEGISLATION
During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 6. Pension Plan (continued):

the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

D. CONTRIBUTION REQUIREMENTS

The contribution policy is set by N.J.S.A.43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A.18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.78%, effective July 1, 2013 and increases to 6.92%, effective July 1, 1014 of employees' annual compensation as defined. The rate will increase over the next several years to 7.5%. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. The South Jersey Port Corporation's contributions to P.E.R.S. for the years ending December 31, 2014, 2013 and 2012 were $481,346, $445,119 and $582,069, respectively, equal to the required contributions for each year.

E. 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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 6. Pension Plan (continued):

an additional four employees elected to participate in the ERI. The liability to the Corporation is $1,180,192 as of December 31, 2014.

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 2014 for $87,509, 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
2015	$ (6,358)	97,366	91,008
2016	(3,242)	97,890	94,648
2017	276	98,158	98,434
2018	4,236	98,135	102,371
2019	8,680	97,786	106,466
2020	13,656	97,069	110,725
2021	19,211	95,943	115,154
2022	25,402	94,358	119,760
2023	32,288	92,262	124,550
2024	39,933	89,599	129,532
2025	48,409	86,304	134,713
2026	57,792	82,310	140,102
2027	68,164	77,542	145,706
2028	79,615	71,919	151,534
2029	92,244	65,351	157,595
2030	106,158	57,741	163,899
2031	121,472	48,983	170,455
2032	138,312	38,961	177,273
2033	156,814	27,550	184,364
2034	177,130	14,613	191,743
Total	$1,180,192	$1,529,840	$2,710,032

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt

The following is a summary of long-term debt at December 31, 2014:

Issue	Initial Date of Issue	Date of Final Maturity	Interest Rates	Original Issue Amount	Principal Balance Outstanding
Series 2003 M Marine Terminal Revenue Bonds	10/15/03	01/01/30	5.0000%	11,305,000	8,535,000
Series 2007 N Marine Terminal Revenue Bonds	11/08/07	01/01/38	4.500% 5.250%	11,235,000	10,090,000
Series 2009 O Marine Terminal Revenue Bonds	01/29/09	01/01/39	4.000% 5.875%	25,885,000	23,595,000
Series 2009 P Marine Terminal Revenue Bonds	12/30/09	01/01/40	2.995% 7.365%	157,880,000	149,030,000
Series 2012 Q Marine Terminal Refunding Bonds	10/17/12	01/01/33	3.000% 3.250%	60,060,000	59,570,000
Series 2012 R Marine Terminal Refunding Bonds	10/17/12	01/01/24	4.000%	16,050,000	15,470,000
Total					266,290,000
Less: Current Maturities Included in Current Liabilities					10,080,000
Balance					$256,210,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

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

Year	Principal	Interest	Total
2015	$ 10,080,000	$ 14,679,830	$ 24,759,830
2016	10,405,000	14,303,505	24,708,505
2017	10,815,000	13,910,567	24,725,567
2018	11,165,000	13,469,503	24,634,503
2019	11,570,000	12,976,327	24,546,327
2020-2024	50,905,000	57,540,918	108,445,918
2025-2029	46,915,000	45,214,045	92,129,045
2030-2034	52,820,000	30,119,248	82,939,248
2035-2039	51,980,000	12,983,886	64,963,886
2040	9,635,000	354,809	9,842,809
Total	$266,290,000	$215,552,638	$481,842,638

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

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.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. 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 M......		......SERIES N......	
Issue Year	Annual Principal	Interest Rate	Annual Principal	Interest Rate
2015	365,000	5.00	230,000	4.50
2016	385,000	5.00	245,000	4.50
2017	400,000	5.00	250,000	4.50
2018	420,000	5.00	265,000	4.50
2019	440,000	5.00	280,000	4.50
2020	-		295,000	4.50
2021	-		-	
2022	1,445,000	5.00	-	
2023	-		960,000	4.50
2024	-		-	
2025	1,670,000	5.00	-	
2026	-		-	
2027	-		-	
2028	-		1,935,000	4.63
2029	-		440,000	4.75
2030	-		3,410,000	5.00
2031	-		-	
2032	-		-	
2033	-		-	
2034	-		-	
2035	-		-	
2036	-		-	
2037	-		-	
2038	-		5,190,000	5.25
Total	$ 8,535,000		$10,090,000	

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

	.....SERIES O-1.....		.....SERIES O-2.....		....SERIES O-3.....		SERIES "O"
Issue Year	Annual Principal	Interest Rate	Annual Principal	Interest Rate	Annual Principal	Interest Rate	Total Principal
2015	-		-		525,000	4.500	525,000
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		$2,910,000		$23,595,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

	.....SERIES P-2.....		....SERIES P-3.....		SERIES "P"
Issue Year	Annual Principal	Interest Rate	Annual Principal	Interest Rate	Total Principal
2015	3,130,000	4.000	-		3,130,000
2016	3,255,000	4.000	-		3,255,000
2017	3,385,000	4.000	-		3,385,000
2018	4,115,000	5.750	3,520,000	5.912	7,635,000
2019	4,350,000	5.750	3,655,000	6.052	8,005,000
2020	1,055,000	5.750	3,800,000	6.152	4,855,000
2021	-		3,955,000	6.252	3,955,000
2022	-		-		-
2023	-		-		-
2024	-		-		-
2025	-		-		-
2026	-		-		-
2027	-		-		-
2028	-		-		-
2029	-		29,985,000	7.065	29,985,000
2030	-		-		-
2031	-		-		-
2032	-		-		-
2033	-		-		-
2034	-		-		-
2035	-		-		-
2036	-		-		-
2037	-		-		-
2038	-		-		-
2039	-		-		-
2040	-		84,825,000	7.365	84,825,000
Total	$19,290,000		$129,740,000		$149,030,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

Issue Year	.....SERIES Q..... Annual Principal	Interest Rate	....SERIES R..... Annual Principal	Interest Rate	Grand Total Principal
2015	4,330,000	3.00	1,500,000	4.00	10,080,000
2016	4,420,000	3.00	1,550,000	4.00	10,405,000
2017	4,600,000	3.00	1,600,000	4.00	10,815,000
2018	4,700,000	3.00	1,650,000	4.00	11,165,000
2019	4,850,000	3.00	1,700,000	4.00	11,570,000
2020	5,000,000	3.00	1,750,000	4.00	11,920,000
2021	2,950,000	3.00	1,550,000	4.00	9,885,000
2022	3,050,000	3.00	1,600,000	4.00	10,265,000
2023	3,150,000	3.00	1,670,000	4.00	10,740,000
2024	950,000	3.00	900,000	4.00	8,095,000
2025	2,050,000	3.00	-		8,605,000
2026	2,100,000	3.00	-		8,960,000
2027	2,175,000	3.00	-		9,355,000
2028	2,245,000	3.00	-		9,770,000
2029	2,355,000	3.00	-		10,225,000
2030	2,475,000	3.00	-		10,745,000
2031	2,600,000	3.13	-		10,470,000
2032	2,715,000	3.13	-		10,975,000
2033	2,855,000	3.25	-		11,525,000
2034	-		-		9,105,000
2035	-		-		9,550,000
2036	-		-		10,020,000
2037	-		-		10,520,000
2038	-		-		11,035,000
2039	-		-		10,855,000
2040	-		-		9,635,000
Total	$59,570,000		$15,470,000		$266,290,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

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

ISSUE YEAR	SERIES M	SERIES N
2019	$ -	
2020	460,000	
2021	480,000	$ 305,000
2022	505,000	320,000
2023	530,000	335,000
2024	555,000	350,000
2025	585,000	370,000
2026	615,000	385,000
2027	645,000	405,000
2028	680,000	425,000
2029	715,000	440,000
2030	755,000	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	$6,525,000	$8,525,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

ISSUE YEAR	SERIES O-1	SERIES O-2	SERIES O-3	SERIES P-3	GRAND TOTAL
2015	$ -	$ -	$ 525,000	$ -	$525,000
2016	-	-	550,000	-	550,000
2017	-	-	580,000	-	580,000
2018	-	-	610,000	-	610,000
2019	-	-	645,000	-	645,000
2020	590,000	25,000	-	-	1,075,000
2021	615,000	30,000	-	-	1,430,000
2022	645,000	30,000	-	-	1,500,000
2023	675,000	30,000	-	-	1,570,000
2024	705,000	35,000	-	3,545,000	5,190,000
2025	740,000	35,000	-	4,825,000	6,555,000
2026	780,000	35,000	-	5,045,000	6,860,000
2027	815,000	40,000	-	5,275,000	7,180,000
2028	860,000	40,000	-	5,520,000	7,525,000
2029	900,000	40,000	-	5,775,000	7,870,000
2030	955,000	45,000	-	6,040,000	8,270,000
2031	1,010,000	45,000	-	6,325,000	7,870,000
2032	1,065,000	50,000	-	6,630,000	8,260,000
2033	1,130,000	50,000	-	6,945,000	8,670,000
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	$2,910,000	$114,810,000	$153,455,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

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

Series M - Bonds Maturing January 1, 2022

Year	Principal Amount
2020	$ 460,000
2021	480,000
2022	505,000
Total	$1,445,000

Series M - Bonds Maturing January 1, 2025

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

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 N - 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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

Series N - Bonds Maturing January 1, 2029

Year	Principal Amount
2029	$440,000

Series O - 1 - Bonds Maturing January 1, 2023

Year	Principal Amount
2020	$590,000
2021	615,000
2022	645,000
2023	675,000
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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

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, 2015

Year	Principal Amount
2015	$ 525,000

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 P-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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

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 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

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
2015	$ 3,246,651
2016	3,246,651
2017	3,246,652
2018	3,210,234
2019	3,135,106
2020-2024	14,767,049
2025-2029	12,626,098
2030-2034	8,871,971
2035-2039	4,047,325
2040	124,183
Total	$56,521,920

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 7. Long-Term Debt (continued):

The following is a summary of all long-term debt of the Corporation as of December 31, 2013:

	Balance December 31, 2013	Issue	Retired/ Revaluation	Balance December 31, 2014	Due Within One Year
Bonds Payable	$271,475,000		(5,185,000)	266,290,000	10,080,000
Capital Lease	2,000,000			2,000,000	1,300,000
Post Retirement Benefits	1,303,697		(1,303,697)	0	
Early Retirement	1,171,086	9,106		1,180,192	
Total	$275,949,783	9,106	(6,488,697)	$269,470,192	11,380,000

Note 8. 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 $50,000 for each individual. This plan arrangement was effective through March 31, 2014. As of April 2014, the Port Corporation now insures their employees for health benefits through the New Jersey State Health Benefit Plan (SHBP).

Note 9. Economic Dependency

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

Note 10. Deferred Compensation Plan

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 11. PILOT Payments

City of Camden PILOT Payments – The Corporation entered into a 2014 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 2014 began in July 1, 2013 and ended June 30, 2014. Pursuant to the 2014 "PILOT" agreement, the Corporation is not required to make the 2015 "PILOT" payment until such time as the payment has been appropriated by the State of New Jersey and the payment is received by the Corporation.

County of Camden PILOT Payments - The Corporation has entered into a 2014 payment in lieu of tax agreement with the County requiring the Corporation to make payment of four hundred nineteen thousand dollars ($419,000) in the calendar year 2014. An appropriation of $419,000 will be required from the State to make payment to the 2015 County of Camden "PILOT Tax Agreement".

City of Salem PILOT Payments – The Corporation has entered into a 2014 payment in lieu of tax agreement with the City of Salem requiring the Corporation to make payment of thirty one thousand two hundred and twenty five dollars $(31,225) in the calendar year 2014. An appropriation of $31,225 will be required from the State to make payment to the 2015 City of Salem "PILOT Tax Agreement".

Borough of Paulsboro PILOT Payments – The Corporation has entered into a 2014 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 2014. An appropriation of $500,000 will be required from the State to make payment to the 2015 County of Gloucester "PILOT Tax Agreement".

In December 2005, the Board of Directors of the South Jersey Port Corporation entered into a lease agreement with the Borough of Paulsboro for the lease of 190 acres for the Building of a Port Facility. In the lease agreement the South Jersey Port Corporation agreed to make a Payment in Lieu of Taxes ("PILOT") to the Borough of Paulsboro of $500,000 (five hundred thousand dollars) plus 2 % of the value of the Buildings and 1 % of the value of the land that will be subleased to private companies. The enabling legislation of the South Jersey Port Corporation requires that the State of New Jersey will fund/replenish the Property Tax Reserve Fund of the South Jersey Port Corporation for any such monies owed on PILOT agreements such as the PILOT agreement with the Borough of Paulsboro.

County of Gloucester PILOT Payments – The Corporation has entered into a 2014 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 2015 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)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 12. Capital Projects and Funding Sources

During 2001 South Jersey Port Corporation entered into a Capital Lease with the Delaware River Port Authority (DRPA) in the amount of $2,000,000 for electrical substation upgrades at the Broadway terminal. The lease term is twenty years at no interest rate. As of the date of this report no payments have been made on the lease. It is the opinion of the Corporation the Agreement with the DRPA for the electrical substation upgrade at the Broadway Terminal was a grant and as such no payment(s) are required. Whereas the DRPA claims that this was a loan.

The Corporation's construction in progress consists of the following: Paulsboro MarineTerminal Project for Bond Series N in the amount of $2,894,936, the Paulsboro Marine Terminal Project for Bond Series O-1 in the amount of $17,084,259, Skylight Renovations for Bonds Series O-3 in the amount of $537,100 and Paulsboro Marine Terminal Project for Bond Series P-2 and P-3 in the amount of $115,126,134. Pier 1A Extension totaling $2,601,150. Roof Removal and replacement to N building totaling $432,097. Total construction in progress amounted to $138,675,676.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

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

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 Paulsboro; An estimate of the cost for Phase 1 of the Paulsboro Marine Terminal Project, the replacement phase of the Paulsboro Marine Terminal Project, 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.

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 approximately two-thirds of 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. Approximately 17-acres of the 60-acres former Essex Chemical parcel are not currently available for redevelopment by the Corporation since this portion of the parcel is currently leased by Paulsboro to BP to house an existing solar array that generates power for BP's existing Ground Water Treatment Plant. In addition, the 17-acres constitutes a NJDEP landfill, which has been closed in compliance with NJDEP regulations.

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 monies of a base amount, independent of Paulsboro Marine Terminal development.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

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

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 earned on this account would be interest income to the South Jersey Port Corporation, and will be targeted for investment in the Paulsboro Port Marine Terminal.

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 lease, cargo handling and operations 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 continues to consider opportunities associated with import fruit and vegetables, certain renewable energy uses and other bulk and break bulk cargoes for the Paulsboro Marine Terminal, having previously negotiated a specific memorandum of understanding. At present, the Corporation is in negotiations with private operators regarding select portions of the terminal. 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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

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

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 at the 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

The Corporation issued $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 the principal amount of the Series 2009 P Bonds was 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 is $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

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

Test defined therein had been satisfied or waived in accordance with the terms thereof, this 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"):

(i) Select demolition and renovation of residual structures;
(ii) Hauling and receiving of fill material for upland (e.g. on-site) use;
(iii) 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;
(iv) Deep soil compaction techniques and placement of surcharge material within areas of historic fill placement along the Delaware River shoreline;
(v) Installation of the required storm water management collection, distribution and outfall system;
(vi) 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;
(vii) 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;
(viii) Construction of two deep-water berths along the integrated infrastructure to facilitate the mooring of multiple vessels along the wharf with connections to the existing shoreline;
(ix) Dredging to approximately 40-foot depths from MLW;
(x) Construction of in-terminal access roads, retaining walls and rail infrastructure;
(xi) Construction of security gate and access control provisions;
(xii) Acquisition and installation of rail mounted ship to shore cranes or mobile harbor cranes;
(xiii) Creation of a maintenance facility; and
(xiv) Funding the management functions necessary to achieve the implementation and start-up of the Paulsboro Marine Terminal.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

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 and rehabilitation of mainline rail infrastructure.

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, bulk, break-bulk and 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 aka Balzano Marines Terminal) 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 15. Port of Paulsboro Project Status

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

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

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

While construction on the marine terminal commenced in early 2010, key waterfront development related environmental permits were obtained in October 2010 and January 2011. As of January 2015, the Port of Paulsboro has completed (i) site demolition; (ii) installation of nearly 3,000 feet of new perimeter retaining wall; (iii) dredging and dredged material management activities associated with approximately 350,000 cubic yards; (iv) extension of over 150 ground water monitoring wells and 15 recovery wells; (v) the placement of nearly 500,000 cubic yards of clean fill material that has raised the terminal's grade to above the 100-year floodplain elevation; (vi) the installation of roughly 2 miles of storm water management system piping; (vii) renovations to the marine terminal administration office; (viii) the construction of the access road and bridge; and (ix) the construction of a new tidal wetland. In late 2014, the phase I wharf construction commenced with pile driving activities, and the construction of the concrete superstructure will continue throughout 2015, into early 2016. The terminal infrastructure such as utilities, rail track and internal roadways will commence in mid-2015. Completion of the Phase I construction program is targeted for early calendar year 2016.

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 $1,456,922 as of December 31, 2014.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 17. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required PERS, to fund post-retirement medical benefits for those State employees who retire after reaching 60 and accumulating 25 years of credited service. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS system. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees. As of June 30, 2013, there were 100,134 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program. The State paid $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

State Health Benefits Plan Description

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

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

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-jul2011.pdf.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2014

Note 17. Post-Retirement Benefits, continued

Funding Policy

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to South Jersey Port Corporation on a monthly basis. As a participating employer the Corporation will pay and remit to the State treasury contributions to cover the full cost of premiums for eligible pensioners on a basis comparable to the reimbursement made by the State to its eligible pensioners and their spouses in accordance with provisions of chapter 75, Public Laws of 1972.

The South Jersey Port Corporation contributions to SHBP for the year ended December 31, 2014 was $196,238, which equaled the required contributions for the year. There were thirteen (13) retired participants eligible at December 31, 2014.

Note 18. Arbitrage Rebate Calculation

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

This Arbitrage calculation has been performed through October 29, 2013 and the Corporation is in material compliance with the arbitrage rebate requirements.

Note 19. Subsequent Events

In July 2014, the South Jersey Port Corporation entered into the Holtec Project Development Agreement to foster the creation of the Holtec Technology Center at the Broadway Terminal in Camden. The project, will redevelop fifty acres within the terminal and transform the area into a state-of-the-art energy research, testing, training and manufacturing center. The lease agreement between SJPC and Holtec Technology Center for the ground lease at the Broadway Terminal was fully executed on February 26, 2015. The agreement specifies the lease land acquisition payments and states that on the date of execution of the lease, Tenant shall pay Landlord ten percent of the total Net Initial Base Rent. As such, the first payment of $1,132,064 is expected to be received by SJPC during the month of April 2015.

REQUIRED SUPPLEMENTAARY INFORMATION, PART II
COMPARATIVE SCHEDULE OF OPERATING REVENUE & EXPENSES
ACTUAL COMPARED TO BUDGET
for the year ended December 31, 2014

	2014			2013		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Revenues:						
Marine Direct:						
Leases - Marine Direct	$6,482,921	6,482,921	5,894,013	6,329,684	6,329,684	6,530,351
Crane Rental	1,008,919	1,008,919	1,175,866	1,034,366	1,034,366	1,011,771
Dockage	1,891,980	1,891,980	2,263,345	1,522,974	1,522,974	1,875,675
Handling	4,800,698	4,800,698	5,930,389	4,321,740	4,321,740	4,228,690
Storage	1,597,183	1,597,183	1,740,207	1,061,373	1,061,373	1,462,520
Wharfage	3,057,396	3,057,396	3,870,828	2,698,152	2,698,152	3,109,422
Demurrage	6,351	6,351	3,749	3,242	3,242	2,076
Total Marine Direct	18,845,448	18,845,448	20,878,397	16,971,531	16,971,5311	8,220,505
Marine Related:						
Leases - Industrial	532,277	532,277	533,215	604,960	604,960	539,423
Utilities	758,456	758,456	626,703	626,561	626,561	820,387
Port of Salem Revenue	126,024	126,024	106,040	125,749	125,749	105,000
Miscellaneous	441,518	441,518	819,907	360,015	360,015	513,729
Total Marine Related	1,858,275	1,858,275	2,085,865	1,717,285	1,717,285	1,978,539
Other Income:						
Income on Investments	135,000	135,000	590,588	135,000	135,000	436,710
Miscellaneous	171,264	171,264	211,362	169,320	169,320	146,424
Total Other Income	306,264	306,264	801,950	304,320	304,320	583,134
Grant Revenue			3,810,392			
Total Revenues	$21,009,987	21,009,987	27,576,604	18,993,136	18,993,136	20,782,178
Operating Expenses:						
Port Operations:						
Labor Expense:						
Labor Crane	267,518	267,518	201,392	227,288	227,288	149,808
Labor Handling	1,502,321	1,502,321	1,965,754	1,392,500	1,392,500	1,248,529
Labor Repairs & Maintenance	991,203	991,203	1,113,488	689,908	689,908	977,328
Security	686,086	686,086	711,041	684,0266	84,026	667,870
Supervisors	563,270	563,270	636,333	629,294	629,294	556,120
Total Labor Expense	4,010,398	4,010,398	4,628,008	3,623,016	3,623,016	3,599,655
Payroll Taxes	445,201	445,201	476,763	435,582	435,582	404,477
Workers Compensation Insurance	422,104	422,104	537,480	468,648	468,648	510,278
Employee Benefits:						
Hospitalization	1,799,469	1,799,469	1,309,324	1,568,592	1,568,592	1,629,044
Vacation, Holiday, Sick, Pension	450,000	450,000	467,648	450,000	450,000	442,286
Miscellaneous Employer Expenses	36,912	36,912	61,504			32,290
Total Employee Benefits	3,153,686	3,153,686	2,852,719	2,922,822	2,922,822	3,018,375
Crane Rental - Gas & Oil	91,875	91,875	69,280	91,875	91,875	55,345

REQUIRED SUPPLEMENTAARY INFORMATION, PART II
COMPARATIVE SCHEDULE OF OPERATING REVENUE & EXPENSES
ACTUAL COMPARED TO BUDGET
for the year ended December 31, 2014

	2014			2013		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
Handling:						
Gas & Oil	222,326	222,326	309,631	222,326	222,326	213,446
Miscellaneous	70,376	70,376	179,277	55,769	55,769	129,334
Trucking Expenses	52,187	52,187	152,866	58,550	58,550	70,818
Clerking & Checking	1,747,923	1,747,923	2,594,799	1,367,187	1,367,187	1,646,041
Total Handling	2,092,812	2,092,812	3,236,573	1,703,832	1,703,832	2,059,639
Rental of Equipment	31,581	31,581	307,882	27,829	27,829	21,054
Trash Removal	125,000	125,000	228,255	130,991	130,991	192,189
Security:						
Contracted Services	23,253	23,253	5,793	13,553	13,553	15,977
Other Expenses	20,522	20,522	39,738	25,404	25,404	8,630
Total Security	43,775	43,775	45,531	38,957	38,957	24,607
Port of Salem Operations	58,079	58,079	57,874	57,579	57,579	56,937
Utilities	1,403,661	1,403,661	1,204,227	1,280,058	1,280,058	1,326,505
Total Port Operations	11,010,867	11,010,867	12,630,349	9,876,959	9,876,959	10,354,306
Repairs & Maintenance:						
Buildings & Grounds:						
Contracted	257,353	257,353	169,904	187,451	187,451	193,502
Fees & Permits	20,513	20,513	54,090	15,769	15,769	14,475
Materials	307,763	307,763	322,062	214,154	214,154	235,902
Total Buildings & Grounds	585,629	585,629	546,056	417,374	417,374	443,879
Cranes:						
Contracted	107,352	107,352	146,659	125,182	125,182	95,113
Materials	119,899	119,899	57,403	78,770	78,770	47,038
Total Cranes	227,251	227,251	204,062	203,952	203,952	142,151
Mobile Machinery & Equipment:						
Contracted	37,700	37,700	44,214	17,931	17,931	36,293
Equipment	31,793	31,793	3,032	23,855	23,855	1,929
Materials	207,837	207,837	372,810	155,791	155,791	229,435
Small Tools	19,668	19,668	32,081	20,363	20,363	15,292
Total Mobile Machinery & Equipment	296,998	296,998	452,137	217,940	217,940	282,949
Total Repairs & Maintenance	1,109,878	1,109,878	1,202,255	839,266	839,266	868,979

SUPPLEMENTAARY SCHEDULE
SCHEDULE OF CHANGES IN OPERATING REVENUES AND EXPENSES, ACTUAL COMPATED TO BUDGET
December 31, 2014

	2014			2013		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
General & Administrative:						
Labor - Office Clerical & Related	833,511	833,511	953,201	793,511	793,511	826,370
Labor - Administrative	510,516	510,516	407,331	435,896	435,896	442,674
Payroll Taxes	144,657	144,657	122,351	142,016	142,016	129,704
Workmen's Compensation	4,236	4,236	4,236	4,236	4,236	4,236
Employee Benefits:						
Hospitalization	808,457	808,457	877,495	844,626	844,626	1,007,221
Pension	627,812	627,812	481,346	599,173	599,173	471,611
Insurance	1,587,792	1,587,792	1,532,619	1,452,050	1,452,050	1,489,568
Professional Fees	694,157	694,157	776,463	695,057	695,057	805,083
Miscellaneous	765,524	765,524	988,508	557,584	557,584	585,215
Telephone	46,617	46,617	52,920	54,405	54,405	48,026
Utilities	30,000	30,000	27,500	30,000	30,000	30,000
Bad Debt	60,000	60,000	60,000	60,000	60,000	65,094
Total General & Administrative	6,113,279	6,113,279	6,283,970	5,668,554	5,668,554	5,904,802
Grant Expenses			3,810,392			
Total Operating Expenses	18,234,024	18,234,024	23,926,966	16,384,779	16,384,779	17,128,087
Operating Income Before Other Operating Expenses	$2,775,963	2,775,963	3,649,638	2,608,357	2,608,357	3,654,091

SUPPLEMENTAARY SCHEDULE
SCHEDULE OF NET POSTITION
December 31, 2014

		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	$6,967,865		22,499,403	325,771	55,679,987	3,564	85,476,590
Accounts Receivable (Net of Allowance for Doubtful Accounts of $369,345)	4,486,302						4,486,302
Due from State			18,918,927				18,918,927
Other Accounts Receivable	1,720,433				84,886		1,805,319
Prepaid Expenses	213,617						213,617
Inventory of Supplies	1,456,922						1,456,922
Interfund Accounts Receivable	121,271,914	70,689,354	94,819,566	184,404	115,437,017		402,402,255
Total Current Assets	136,117,053	70,689,354	136,237,896	510,175	171,201,890	3,564	514,759,932
Property, Plant & Equipment (Note 5)					215,637,295		215,637,295
Construction in Progress					138,675,675		138,675,675
Bond Financing Costs					9,159,938		9,159,938
Subtotal					363,472,908		363,472,908
Accumulated Depreciation & Amortization					107,061,459		107,061,459
Total Property, Plant & Equipment & Construction in Progress					256,411,449		256,411,449
Total Assets	136,117,053	70,689,354	136,237,896	510,175	427,613,339	3,564	771,171,381

SUPPLEMENTAARY SCHEDULE
SCHEDULE OF NET POSTITION
December 31, 2014

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	354,027						354,027
Contracts Payable					33,665,524		33,665,524
Capital Lease Payable					1,300,000		1,300,000
Accrued Expenses	192,907						192,907
Accrued Interest Payable		7,431,746					7,431,746
Accrued Vacation Payable	207,897						207,897
Accrued Payroll	210,022						210,022
Payroll Taxes Payable	62,531						62,531
Lease Security & Escrow Deposits	209,151						209,151
Revenue Bonds - Short Term					10,080,000		10,080,000
Interfund Accounts Payable	115,437,328	63,257,608	111,478,066		112,225,689	3,564	402,402,255
Total Current Liabilities	116,673,863	70,689,354	111,478,066		157,271,213	3,564	456,116,060
Revenue Bonds (Long-Term Portion)					256,210,000		256,210,000
Early Retirement Payable	1,180,192						1,180,192
Capital Lease Payable					700,000		700,000
Total Liabilities	117,854,055	70,689,354	111,478,066		414,181,213	3,564	714,206,252
DEFERRED INFLOWS OF RESOURCES							
Service Concession Arrangements	671,592						671,592
Unamortized Bond Premium					4,016,585		4,016,585
Total Deferred Inflows of Resources	671,592				4,016,585		4,688,177
NET POSITION							
Net Investment in Capital Assets				510,175	9,415,541		9,925,716
Reserve for Payment of Debt Service			24,759,830				24,759,830
Reserve for Inventory Supplies	1,456,922						1,456,922
Unreserved	16,134,484						16,134,484
Net Position	$17,591,406	-	24,759,830	510,175	9,415,541	-	52,276,952

SUPPLEMENTAARY SCHEDULE
SCHEDULE OF NET POSTITION ALL ACCOUNTS
December 31, 2014

	OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE	MAINTENANCE RESERVE	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT	TOTAL
Net Position, January 1	$15,901,396		24,759,830	510,175	3,238,197		44,409,598
Add:							
Excess of Revenue Over Expenses	3,649,638						3,649,638
State of New Jersey:							
Debt Service Aid			18,918,927				18,918,927
PILOT Payments						5,100,224	5,100,224
Federal Subsidy Revenue	3,011,269						3,011,269
Revaluation of Other Post-Retirement Benefit Liability	1,303,697						1,303,697
Insurance Proceeds					320,052		320,052
Interest on Investments	3,754				49,478		53,232
Unrealized Gain on Investment			37,680				37,680
Inventory of Supplies	38,337						38,337
Interfund Transfers		14,865,383			10,308,866		25,174,249
Total	23,908,091	14,865,383	43,716,437	510,175	13,916,593	5,100,224	102,016,903
Deduct:							
Interest Expense	99,043	14,865,383					14,964,426
Depreciation/ Amortization Expense					4,501,052		4,501,052
Transfer of Depreciation to Contributed Capital							
Camden City PILOT Payment						4,000,000	4,000,000
Camden County PILOT Payment						419,000	419,000
Gloucester County PILOT Payment						150,000	150,000
Paulsboro PILOT Payment						500,000	500,000
Salem PILOT Payment						31,224	31,224
Interfund Transfers	6,217,642		18,956,607				25,174,249
Total	6,316,685	14,865,383	18,956,607		4,501,052	5,100,224	49,739,951
Net Position December 31, 2014	$17,591,406	-	24,759,830	510,175	9,415,541	-	52,276,952

AUDITOR'S LETTERS
AND
SCHEDULE OF EXPENSITURES
OF FEDERAL GRANTS

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

INDEPENDENT AUDITOR'S 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
101 Joseph A. Balzano Boulevard
Camden, New Jersey 08103

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, business-type activities and the aggregate remaining fund information of the South Jersey Port Corporation, County of Camden, State of New Jersey, as of and for the fiscal year ended December 31, 2014, and related notes to the financial statements, which collectively comprise the South Jersey Port Corporation's basic financial statements, and have issued my report thereon dated March 31, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,
Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
March 31, 2015

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REUQIREMENTS FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMOPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

I have audited the South Jersey Port Corporation's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of South Jersey Port Corporation's major federal programs for the year ended December 31, 2014. South Jersey Port Corporation's major federal programs are identified in the Summary of Auditor's Results Section of che accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grantsapplicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of South Jersey Port Corporation's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and NonProfit Organizations. Those standards, OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the South Jersey Port Corporation's compliance with thoserequirements and pertorrning such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the South Jersey Port Corporation's compliance.

Unmodified Opinion on Each of the Other Major Federal and State Programs

In my opinion, the South Jersey Port Corporation, in the County of Camden, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule offindings and questioned costs for the year ended December 31, 2014.

Other Matters

The results of my auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133. My opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control over Compliance

Management of the South Jersey Port Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance I considered South Jersey Port Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the South Jersey Port Corporation's internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internalcontrol over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A- 133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

I have audited the financial statements of the South Jersey Port Corproation as of and for the year ended December 31, 2014, and have issued my report thereon dated March 31, 2015, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,
BrentW. Lee
Certified Public Accountant

Cinnaminson, New Jersey
March 31, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2014

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL PROJECT NUMBER	GRANT PERIOD	CFDA NUMBER	AWARD	FUNDS RECEIVED	FUNDS EXPENDED
U.S. Department of Transportation - Maritime Administration National Infrastructure Investments Discretionary Grant Program (FY 2011 Tiger Discretionary Grant)	- DRMA 1G12004	9/30/12-9/30/18	20.933	$18,500,000	$3,810,392	$3,810,392
			Total		$3,810,392	$3,810,392

The accompanying Notes to the Financial Satements are an integral part of this statement.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2014

1. General

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

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

2. Basis of Accounting

The accompaning schedule of expenditures of federal awardsis presented using the basis of accounting as described in Note 1 to the Corporation's financial statements. The ifnormation in these schedules are presented in accordance with the requirements of OMB Circular A-133, Audits of STates, Local Governments, and Non-Profit Organizations.

3. Relations to Basic Financial Statements

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

4. Relationship to Federal Financial Reports

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

SCHEDULE OF EXPENDITURES OF FINDINGS & QUESTIONED COSTS
For the fiscal year ended June 30, 2014

Section 1-Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal Copntrol over major programs:	
1) Material weokness(es) identified?	No
2) Significant deficiencies identified that ore not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major projegroms	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .51 O(qa) of Circular A-133?	No

Identification of major programs:

DFDA Number(s)	Name of Federal Program or Cluster
	20.933 Notional Infrastructure Investments

Dollar threshold used to distinguised between Type A Programs	$300,000
Auditee qualified as low-risk ouditee?	No

Section II - Financial Statement Findings

This section identifies the significant deficiences, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit.

No financial statement findings noted that required to be reported under Government Auditing Standards.

SCHEDULE OF EXPENDITURES OF FINDINGS & QUESTIONED COSTS
For the fiscal year ended June 30, 2014

Section III - Federol Awards & Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of non compliance, including questioned costs, related to the audit of major federal programs, as required to be reported by U. S. OMB Circular A-133.

Summary of Prior Year Findings

Not Applicable

SOUTH JERSEY PORT CORPORATION

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