SOUTH JERSEY PORT CORPORATION
2015 Annual Report

SOUTHERN NEW JERSEY'S
INTERNATIONAL SEAPORT

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 to build and operate marine terminals in its southern seven counties. The SJPC owns and operates two deepwater marine terminals in the City of Camden on the Delaware River and is constructing a deepwater omniport on 190 acres of land in Paulsboro. In Salem City, along the Salem River, the Corporation owns facilities that support barges and shallow draft ships. A vital link in the global supply chain, the SJPC is the grantee of the federal Foreign Trade Zone #142.

Contents

2015 SJPC OVERVIEW

Another **successful business year** has ended for the marine terminals of the South Jersey Port Corporation as **cargo tonnage, revenues and job-creation** continued in 2015 on a steady, multi-year trajectory of positive growth. Overall annual cargo tonnage **increased by 12%** from 2,264,747 short tons to 2,525,563.

A rebound in wood product and gypsum imports, combined with the arrival of sand bulk cargo, are the main factors behind the continued growth. The Port processed 160,255 short tons of wood products, 48% higher than 2014, 116,376 short tons of gypsum and 245,865 of sand.

Steel imports destined for midwest and Canadian manufacturers and scrap metal exports remain at historically high numbers. Steel tonnage was 832,154 tons and scrap metal was 525,221 compared to 522,381 in 2014. Increasingly, the SJPC has become the winter default port for steel shippers when the Saint Lawrence Seaway closes during the winter. The Port's terminals are also becoming a year round business for steel. Cement and Grancem® tonnage were 355,184 and 105,162 respectively, slightly less than the previous year.

The SJPC's marine terminals handled 201 ships in 2015, 29% more than the 157 ships that arrived in 2014. The number of ship days (i.e. the number of days a ship is loading and unloading at its terminals) grew by 15% from 462 ship days to 530.

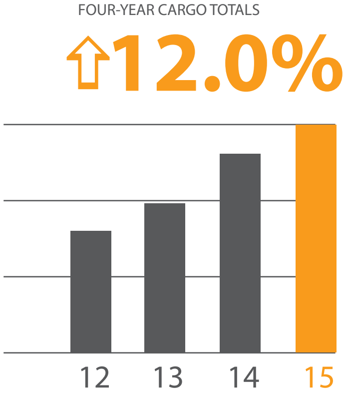
SJPC formed the partnerships and built the infrastructure necessary for sustained growth in cargo and jobs. SJPC continues to be a driving force behind the growth of the regional economy and the renaissance of Camden.

a multi-year **trajectory of positive growth**

Board Chairman Richard Alaimo.

Steady growth

Cargo tonnage continued on a steady, multi-year trajectory of positive growth in 2015.



LETTER TO THE GOVERNOR

To the Governor, Lt. Governor and Legislators of New Jersey

On behalf of the Board of Directors of the South Jersey Port Corporation, it is my pleasure to report the South Jersey Port Corporation in 2015 continued to expand on its steady growth of business.

Revenues, cargo tonnage and job-creation continue on a steady, multi-year, trajectory of positive growth.

Key to our success has been the SJPC's ability, in a multi-dimensional business environment, to weather the negative effects of the past decade's economy by adapting to ever-changing market forces of the maritime business environment—globally, regionally and locally. While focused on the now, we must always keep an eye on the horizon.

The 2015 Annual Report of the SJPC is a testament to your collective leadership and investment on behalf of the people of New Jersey; in the job-creating mission of the SJPC; the prudent business and management decisions made by our board of directors and management team; and the skills and flexibility of our dedicated employees.

With courage and vision, especially during the depths of the worst global economic implosion since the 1930s, the State of New Jersey—through its Governor and State Legislature—made continued investments not only in current needs but, more critically, for the future.

The new Paulsboro Marine Terminal (PMT) in Paulsboro, New Jersey—a commitment made just prior to, and sustained through, the 2008 recession—is now coming to life in 2016 to accommodate our business growth in a partnership with Holt Logistics our operator-leasee of the PMT. Promising to create 850 jobs at PMT, Holt Logistics, landed its first major PMT customer, NLMK-USA, Russia's largest steel producer. The NLMK will create 150 jobs.

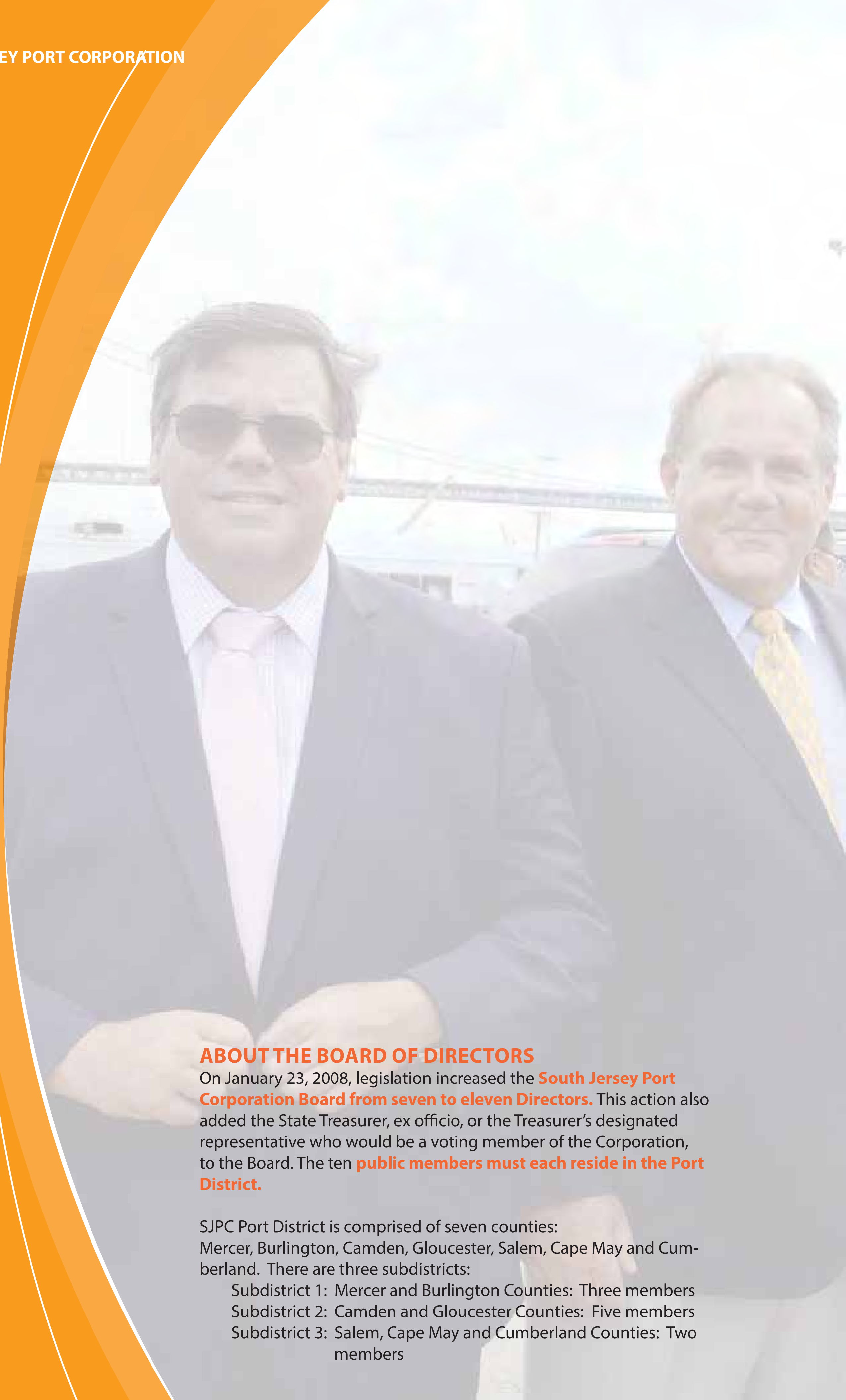
The building of PMT made the development of the Holtec International campus at our Broadway Terminal in Camden possible.

Funded through the "New Jersey Economic Opportunity Act" and "Grow New Jersey" economic incentives, the $260 million industrial, engineering and research campus, by 2021, will employ 5,000 scientists, engineers and fabricators of sophisticated components for the growing global nuclear energy market.

Economic growth. Job creation. Commitment to the now and to the future. These are the 2015 returns on investment.

Sincerely,

Richard A. Alaimo
Chairman



ABOUT THE BOARD OF DIRECTORS

On January 23, 2008, legislation increased the **South Jersey Port Corporation Board from seven to eleven Directors.** This action also added the State Treasurer, ex officio, or the Treasurer's designated representative who would be a voting member of the Corporation, to the Board. The ten **public members must each reside in the Port District.**

SJPC Port District is comprised of seven counties:
Mercer, Burlington, Camden, Gloucester, Salem, Cape May and Cumberland. There are three subdistricts:

- Subdistrict 1: Mercer and Burlington Counties: Three members
- Subdistrict 2: Camden and Gloucester Counties: Five members
- Subdistrict 3: Salem, Cape May and Cumberland Counties: Two members

2015 Board of Directors

Guiding the Port through a challenging economy into a growth market

Chairman
Richard A. Alaimo
Burlington County

Director
Chad M. Bruner
Gloucester County

Director
Robert A. DeAngelo, Sr.
City of Paulsboro

Director
Jonathan S. Gershen
Mercer County

Director
Joseph A. Maressa, Jr.
Camden County

Director
Eric E. Martins
Mercer County

Director
Craig F. Remington
Camden County

Director
Sheila F. Roberts
City of Camden

Director
Rev. Carl. E. Styles
Cumberland County

Director
Christopher Chianese
Treasurer's Designee

Acting
State Treasurer
Ford M. Scudder

SOUNDS OF THE FUTURE

In rhythmic pounding, steel encapsulated concrete piles are driven deep into the South Jersey soil along the fabled Delaware River.

Both photos: Pilings being driven for the wharf at the SJPC's new omniport in Paulsboro.

THE SOUNDS OF THE FUTURE ARE IN THE NOW

The sounds of the future are in the now. In rhythmic pounding, steel encapsulated concrete piles are being driven deep into southern New Jersey's soil along the Delaware River.

In rain, in blustery wind, under a harsh sun, from dawn to dusk, thousands of piles are driven into the soil of Paulsboro, New Jersey, where a new omniport—the first new port in nearly 75 years—is coming to life. Eleven miles up river, another 4,000 piles are hammered into the soil of an old shipyard in Camden. In that shipyard workers built the huge fleet of warships that won World War II. It then evolved into a global marine terminal and now is being redefined as a home for modern industry.

Hard hats are everywhere. Large earthmovers sculpt the Paulsboro landscape into fields where a new crop of wharves, roads, and buildings will bud. In Camden, ironworkers, in a death-defying ballet, shape steel beams into the skeleton of Holtec International's campus where scientists and engineers will contribute to the rebirth of the global nuclear energy industry.

It's the sound of the now morphing into tomorrow, an exclamation point on 2015 for the South Jersey Port Corporation in the steady drumbeat of another successful year. Adapting to ever-changing—and challenging—market forces of the maritime business environment, the South Jersey Port Corporation has weathered the global recession and, in 2015, continued its steady growth of business.

Record breaking year

These are the dividends of a multi-year, two-front business strategy crafted and adopted by the Board of Directors of the SJPC and by stakeholders, the people of New Jersey through the Governor and State Legislature. It was a strategy requiring a clear-eyed focus on current business operations, opportunities, sustainability and growth while planning for and investing in the future. It's a strategy rooted in a basic—and undeniable—logic: you need a solid vehicle to drive to tomorrow and when you get there you need the means to thrive and strive for the future over the next horizon.

With continued robust imports of high quality steel for American and Canadian manufacturers, the South Jersey Port Corporation's Camden marine terminals continued to break cargo tonnage records in 2015. Overall cargo tonnage was 2,264,747, a 12% increase over 2014. The largest share was derived from 832,154 short tons of imported steel.

Continuing robust imports

A rebound in scrap metal exports and wood product, gypsum, and sand imports were the main contributors to the SJPC's record-breaking year. Wood product imports increased by 48% to 160,255 short tons and scrap metal exports increased by 1% to 525,221 short tons. The Port also moved 245,865 short tons of sand and 116,376 short tons of gypsum.

The multi-year growth pattern in steel reflects a growing customer confidence in the SJPC and its stevedoring partners to carefully handle these specialty cargoes off the ships and on to the end-user efficiently, expeditiously and safely.

The SJPC's deep-water ports and highly efficient terminals with dockside rail are within a day's truck haul of the northeast and midwestern industrial base of the United States and eastern Canada. A roll of steel, off-loaded in Camden, can arrive at plants throughout the Midwest, eastern Canada and from Montreal to the Carolinas in as little as a half a day.

Investing in the future

Through prudent management, visionary planning and courageous investments, the SJPC in 2015, harvested the dividends of a solid and productive business of today while marching on the well-engineered highway to a prosperous future.

Decisions and investments made during the worse global decline in nearly a century have given birth to the SJPC's future at the Paulsboro Marine Terminal and in Camden in the creation of thousands of new, family sustaining jobs across a broad spectrum of skills from logistics workers to engineers and scientists; from stevedores, truck drivers, warehousemen to the designers and fabricators in a renaissance of the nuclear power industry.

Our Mission

To work in partnership with the State and private entities to complement their functions and capabilities.

THE SOUNDS OF THE FUTURE ARE IN THE NOW

The core mission and the foundation for the SJPC is to create and sustain economic growth and jobs within southern New Jersey by leveraging the region's excellent maritime access: deepwater, sheltered ports in the epicenter of a huge and rich North American market and the highway and road networks to the industrial heartland of United States and Canada.

The State of New Jersey created the SJPC in 1968 as a quasi-state agency, operating as a corporation with the backing of the full faith and credit of the State of New Jersey, with jurisdiction over port development in the State's seven southern counties: Burlington, Camden, Gloucester, Salem, Cumberland, Mercer and Cape May.

SJPC'S PORT DISTRICT 'S SEVEN COUNTIES

MERCER
BURLINGTON
CAMDEN
GLOUCESTER
SALEM
CUMBERLAND
CAPE MAY

Our MIssion

The South Jersey Port Corporation is dedicated to upholding the following principles and goals:

- Work in partnership with both State and private entities to complement their functions and capabilities, as well as enhance our regions.
- Provide major regional services and facilities for the handling of bulk, break-bulk, dry bulk and containerized cargoes.
- Retain and expand the existing industrial, manufacturing, distribution and related employment bases within the Port District and South Jersey regions.
- Respect the sensitivity of the public's needs and concerns, as well as serve their interests by improving public awareness.
- Operate our facilities in a professional and safe manner.
- Foster the State of New Jersey in becoming a vital link within the world's markets.
- Deliver top quality customer satisfaction and overall experience for each unique client.

Our Faclities

With four international seaports along the Delaware River, the Port Corporation offers extraordinary access to the entire eastern seabord.

The SJPC owns and operates two deep-water marine terminals in the City of Camden ,both within the shadows of two major bridges into Philadelphia, Pennsylvania: Joseph A. Balzano Jr. Marine Terminal at the Ben Franklin Bridge; and the Broadway Terminal at Camden's southern border at the Walt Whitman Bridge.

Both terminals have dockside rail, high speed, high capacity cranes and in excess of two million square feet of warehousing and transit sheds. Through rail and direct connection to the nation's interstate highway system, the SJPC's terminals are within a day's haul to North America's most densely industrialized zone and more than 100 million consumers.

In Salem City, 42 miles south of Camden, where the shallow draft Salem River flows into the Delaware Bay, the SJPC owns and operates the Salem Marine Terminal. Modest in comparison to the Camden terminals and limited by the shallowness of the Salem River, the Salem Marine Terminal is used primarily for sand and gravel shipment from southern New Jersey.

Strategic location

By 2004, with both of its two marine terminals in Camden at full capacity, and with no breathing room to grow in a city on the cusp of a rejuvenating residential and commercial market, the SJPC looked for land on the Delaware River that possessed deep water, efficient highway and rail access and room to expand.

The SJPC found it in Paulsboro, eleven miles south of Camden, where local needs and those of the SJPC were congruent. Paulsboro officials had a shuttered petro-chemical tank farm they wanted to covert into a job-creating, tax-revenue generating asset. The SJPC was looking for a place along the Delaware River to grow its marine terminal business and create jobs. In 2005, the SJPC bought the 190-acre parcel that had evolved and devolved over two and a half centuries from Revolutionary fort to a port, to an active and later derelict petro-chemical tank farm.

Only 78 miles from where the Atlantic Ocean marries the Delaware Bay, the tide of the Delaware River flows along the banks of Paulsboro with a natural scouring that maintains a current 40 foot depth which will be dredged to 45 feet. Plans call for an eventual marginal wharf in excess of 2,200 feet to accommodate four ships and a barge berth on the property's northern border where the Mantua Creek flows into the river.

Omniport at Paulsboro

The site is being transformed by the SJPC in partnership with the Gloucester County Improvement Authority (GCIA) into the Paulsboro Marine Terminal. Huge earthmovers have sculpted the landscape and 300,000 cu/feet of dredge spoils have raised the deck by 10 feet above the flood plain. The piles have been driven for the marginal piers and the trestle access to the wharves.

With the GCIA as its construction management team, the SJPC has invested nearly $200 million in the initial phase of the project to convert the Paulsboro site into a state of the art omniport. Operations are anticipated to begin in 2016 as planning proceeds toward full build out.

As a blank slate, the Paulsboro Marine Terminal (PMT) has the flexibility to handle a wide variety of cargoes in an ever-changing global market. Flexibility to the needs of tenants and customers is paramount to the success of both the SJPC and the Paulsboro Marine Terminal especially in these formative years.

Strategically located, the PMT has excellent access to the nation's interstate highway system and dockside rail to the nation's rail network. The State built an $18 million "port-only" access road and bridge to the terminal. Funded by grants from the State of New Jersey, the access road and bridge better insulate the residential communities in Paulsboro from truck traffic while adding an additional layer of security to the terminal. The South Jersey Port Corporation is also investing heavily both in dockside rail where cargoes can be loaded and unloaded, to and from ships, at water's edge.

Paulsboro Marine Terminal, a new omniport, is rising from an abandoned tank farm.

Progress at Paulsboro: These aerial photographs show the progress on wharf construction during 2015, clockwise from top left, are shown January through April, July and November.

Leveraging $110 million

By also leveraging $110 million in regional infrastructure investments, the SJPC was able to invest millions of dollars from federal grants to upgrade freight rail lines throughout southern New Jersey, as well as in the Delair Bridge that spans the Delaware River, connecting the SJPC marine terminals to the rich markets and industrial plants of the United States and Canada.

Holt Logistics, which is investing $10 million in the Paulsboro terminal, is moving aggressively to develop and market the PMT even before construction is complete. Holt signed a deal with NLMK-USA, a subsidiary of Russia's largest steel company, making Paulsboro its main port to the United States. The arrangement will result in 150 immediate jobs of an anticipated 850 Holt-created jobs, as a result of the operations at Paulsboro.

RECONFIGURING BROADWAY TERMINAL

The South Jersey Port Corporation is a driving force for the renaissance of Camden.

July 2015 Groundbreaking at Broadway

Above: Holtec's Dr. Kris Singh and NJ Lt. Gov. Kim Guadagno greet Camden Mayor Dana Redd and other guests at the ground-breaking ceremony. Below: Holtec's construction gate at Broadway

HOLTEC International

The growth opportunities at Paulsboro opened the door in Camden for the largest single private investment in the city's history: Holtec International. By efficiently re-configuring its operations at the Broadway Marine Terminal, the SJPC was able to attract Holtec International to build its $260 million campus at the Broadway Marine Terminal.

Holtec International is expert in the design and manufacturing of parts for nuclear reactors as well as casks for the storage of spent nuclear fuel. Ironically, the nuclear-free zone Holtec campus was once the birthplace of America's nuclear naval fleet before consolidation of the nation's shipbuilding industry made the New York Shipbuilding Corporation - the precursor of the Broadway Marine Terminal - obsolete.

Four thousand concrete-filled-steel pilings were driven deep into the ground throughout the site to support the construction of Holtec's heavy manufacturing facilities. Construction of 600,000 sq/ft of research, design, and manufacturing facilities in support of the world's nuclear – and non-nuclear – power industry is moving at a rapid pace.

Holtec International anticipates that by 2021 some 5,000 scientists, engineers, designers, fabricators and support staff will be employed at the campus a historic renaissance of one of America's poorest cities.

Reconfiguring its footprint

To accommodate the Holtec project, the SJPC reconfigured its footprint at Broadway Terminal while also protecting its most vital asset: unimpeded access to its deepwater berths along the Delaware River.

As the Holtec campus rises at the terminal, Broadway Marine Terminal continues to thrive for the SJPC and its tenants. Holt Logistics and Delaware River Stevedores continue to load and unload ships to trucks and trains moving the water-borne cargoes along a global conveyer to—and from—the industrial heartland of North America. Joseph Oat Company, whose history as the fabricator of metal vessels dates back to the founding of the United States, continues to design and fabricate specialty, high-quality steel vessels for the nuclear and petro-chemical industry.

To help attract Holtec, Holt Logistics agreed to reduce slightly its footprint at Broadway Marine Terminal and surrender some land for the Holtec campus. In a partnership with the SJPC, Holt Logistics became the lease-operator of the emerging Paulsboro Marine Terminal bringing to bear its marketing and operational prowess.

The sounds of construction today reverberate through the driving of piles that are the foundation of tomorrow.

Pile driving one of the 4,000 pilings at Broadway

HIGHLIGHTS OF 2015

The South Jersey Port Corporation is an economic engine for Southern New Jersey, with its developing omniport in Paulsboro, its busy wharves in Camden, and a growing number of Foreign Trade Zone sites and subzones throughout the port district.

SECURITY IS PARAMOUNT

The marine terminals of the South Jersey Port Corporation are categorized as key components of the nation's critical infrastructure and their security is paramount to the SJPC's and the federal and state agencies charged with protecting the homeland.

Security is an ongoing, ever vigilant, always questioning, constantly adapting and evolving process with some components purposely visible, others purposely opaque or invisible.

Key to the port's security is the Facility Security Plan or FSP, which is a template created by the federal government, to rigorously identify key assets and address vulnerabilities and responses to incidents.

In 2015 the SJPC's Facility Security Officer, developed and delivered the Five-Year Facility Security Plan for the Balzano and Broadway Terminals to the U.S. Coast Guard, Sector Delaware Bay.

The FSP, meeting all Maritime Transportation Security Act-33CFR105 regulations requirements, received the Coast Guard's approval in October 2015. The plan incorporated several significant security enhancements, as well as the reconfiguration of the Broadway Terminal to allow the Holtec development.

To further extend the SJPC's capabilities to assess and improve the security at its terminals, staff accepted a U.S. Department of Homeland Security opportunity to have a Computer Based Assessment Tool (CBAT) created for the Balzano Marine Terminal and the Broadway Marine Terminal. The CBAT is a data collection and presentation medium designed to support critical infrastructure security, special event planning, and incident response operations.

SJPC's staff worked with a team from the U.S. Department of Homeland Security to perform all the fieldwork during 2015. The completed CBAT for each terminal will be delivered in 2016.

NEW WEBSITE FOR SJPC

A new interactive website was announced by the South Jersey Port Corporation in July 2015. The web address remains the same: **www.southjerseyport.com**. The site offers complete records of official actions taken by the Board of Directors at official meetings as well as on-line listings for job openings and construction bids. In addition, the website provides archived copies of the corporation's annual reports, newsletters, magazines, and news releases for the past several years. It also contains contact information for the corporation's employees and directors.

FTZ SUBZONE APPROVED

The SJPC Board applied on behalf of Nine West Holdings, Inc., for subzone status under federal Foreign Trade Zone #142. On December 23, 2015, the FTZ Board approved the new Subzone142D. The subzone is for distribution and warehouse facilities in West Deptford. The company will be importing men's and women's apparel, footwear, jewelry, and accessories. No manufacturing will occur within the FTZ site.

ETHICS AUDIT EXCELLENCE

The State of New Jersey's Uniform Code of Ethics provides the SJPC's employees and Board members with guidance for conduct concerning the state Conflicts Law. All executive branch agencies must be in substantial compliance with ethics requirements and random reviews ensure compliance in meeting ethics reporting, training and other requirements. The review also determines whether State agencies have implemented procedures and practices that will prevent and detect ethics violations.

In 2015, the State Ethics Commission conducted an ethics compliance review of the SJPC and issued an Ethics Compliance Audit letter, dated April 13, 2015 which concluded the South Jersey Port Corporation and the agency's Ethics Liaison Officer to be in substantial compliance with reporting, documentation and other requirements of the New Jersey Conflicts of Interest Law, regulations, and Executive Orders. No deficiencies were identified in the SJPC ethics program.

RAIL IMPROVEMENTS

The SJPC Board awarded a contract to Railroad Construction of South Jersey for the Industrial Sidetrack Project at the Broadway Terminal. The project will relocate the existing Conrail sidetrack service that entered the marine terminal from the east, across the Broadway roadway to the north end of the terminal. The new track service was necessary to make way for the Holtec Technology and Manufacturing Center development.

The new rail service is connected to Conrail's Bulson Street Rail Yard north of Broadway Terminal. The sidetrack begins at a new turnout just north of the Jefferson Street right of way and traverses the Bulson Street Yard in a southeasterly direction until it enters the Broadway Terminal. The new track then continues in a southerly direction within the port for an additional 683 feet where it ties into the existing sidetrack. Continuing south along the existing track for approximately 1,000 feet, the new sidetrack continues for approximately 780 feet within the new Holtec manufacturing building. The project was funded through a NJDOT Freight Rail Assistance grant.

Moving **International Trade**

PAULSBORO MARINE TERMINAL

Location:	Delaware River, Paulsboro, New Jersey
Area:	190 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

FOREIGN TRADE ZONE 142

South Jersey Port Corporation, Grantee of Foreign Trade Zone No. 142, currently has three General Purpose sites and three subzone operators.

Site 1: Parcel A (85 acres) within the Port of Salem 2 miles off the Delaware River Site. Parcel B (5 acres) also located within the Port of Salem, owned by the Salem Marine Terminal Corporation (SMTC)

Site 2: (10 acres) located within a proposed warehouse complex on Walnut Street, owned and operated by Salem Warehouse Distribution Corporation, which is also part owner of the SMTC site.

Site 3: (144 acres) at the Millville Municipal Airport Industrial Park, located within the 916-acre Millville Municipal Airport, some 25 miles southeast of Salem, operated by the City of Millville.

Subzone MFGO-142-00A: Paulsboro Refining Company, LLC.
Subzone MFGO-142-00B: Axeon Refinery LLC.
Subzone MFGO-142-00D: Nine West Holdings, LLC.

JOSEPH A. BALZANO MARINE TERMINAL

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, totalling 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 MARINE TERMINAL

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: Bulk cargo storage area; marine-related industrial park services

BROADWAY PIER 5

Location: Broadway at Morgan Boulevard, Camden, New Jersey
Special 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.)

BROADWAY PIER 5, continued

Storage capacity: 3 temperature-controlled ware-houses: 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
Special features: 2,000 ft. of rail siding for intermodal COFC transfer

SALEM MARINE TERMINAL

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

Administrative Officers and **Staff**

EXECUTIVE DIRECTOR & CEO
KEVIN CASTAGNOLA

DEPUTY EXECUTIVE DIRECTOR
JAY JONES

TREASURER & CFO
BRUNO N. CELLUCCI

Dan Aaron
George Aaron
David Acevedo
Robert Albanese
Stephen Anderson
Michael Anderson
Kevin Armstrong
Rasheem Bailey
Robert Bak
Steven Bell
Eddie Bell
Robert Bessing
Michael Bosco
John Bowyer
Anthony Boyizigies
Patrick Boyle
Robert Britland
David Buffetta
Joseph Burleigh
Carl Burt
Manuel Cachu
Nicholas Capaldi
Lawrence Casanova
Albert Celeste
Rich Ciafullo III
Anthony Colavita
Urban Cooper
Kenneth Cosby
Kevin Costello
Wieslaw Czajka
Vincent D'Alessio
Vincent D'Alessio Jr.
Ronald Daniels
Michael Dehoff
Michael Deliberis
Joseph Deluca
William Deluca III
Jeffrey Dick
Louis Ditomaso
Athina Efelis
Stephen Endres
Christopher Engel
George Englardt
Donell Farrish
Bobby Farrish
Earl Farrish
Nicholas Fini, Jr.
Paul Flanigan
Christopher Forjohn
Raymond Gallagher
BrendaGill
Alvin Gindhart
Oanh Glanz
Kevin Greenjack
Robert Guth
Patrick Haley
Jesse Hamrick
Karol Hoffman
Rose Hope
Timothy Ingram
Robert Jack
Thomas Johnson
Pawel Kasprzak
William Kelley
Joseph Knecht
Leonard Korte
George Kuesel III
Herbert Lambert
Michael Lang
Walter Lauer
David Lenhart
Edward Loatman
Edward Luedtke
Louis Malatesta
Panteleimon Mastalos
Joseph Mauer
Rosemarie Mc Bride
Christopher McCormick
Roy McCormick,IV
David Mc Goldrick
Sylvester McKenzie
William Means
Douglas Miller
David Mitchell
Juan Mojica
Shaun Monk
Joseph Monturano
Clifton Moragne
Greg Mortimer
Moses Mumford
Francesco Nestore
Frank Nestore
Jesse Newcomb
Lien Nguyen
Shawn Norman
Joseph O'Leary
Juan Pena
Antonio Pimpinella
Joseph Puglia
Robert Purcell
David Rivera
Thomas Rogers
Kenneth Rossi
Ricky Santiago
Gary Schreyer
Stephen Scott
Richard Sewekow
Carl Siegfried
Russel Sockwell
Mark Stang
John Striewski
Harry Trump
Shawn Trump
Robert VanFossen
Michael Vindick
Brett Walker
Robert Weyand Jr
Andrew Wojcik
Noe Yax-Santos

EXECUTIVE ORDER #37 (2006)

Certification of Annual Audit for Year Ending 2015

WE ARE PLEASED TO PRESENT this report containing a record of the significant actions taken by the Port Corporation in 2015; 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 2015. 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, 2015.

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

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

SOUTH JERSEY PORT CORPORATION

AUDIT REPORT

FOR THE YEARS ENDED

DECEMBER 31, 2015 AND 2014

SOUTH JERSEY PORT CORPORATION

CONTENTS

Board of Directors

SOUTH JERSEY PORT CORPORATION

CONTENTS (Continued)

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SOUTH JERSEY PORT CORPORTAION

BOARD OF DIRECTORS

AT DECEMBER 31, 2015

Richard A. Alaimo, Chairman
District 3

Chad Bruner
District 2

Robert DeAngelo
District 2

Jonathan S. Gershen
District 3

Joseph Maressa, Jr.
District 2

Eric Martins
District 3

Craig Remington
District 2

Shiela Roberts
District 2

Carl E. Styles
District 1

Christopher Chianese
State Treasurer Designee

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

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015 and 2014, 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 of the South Jersey Port Corporation as of December 31, 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended December 31, 2015 the Authority implemented the adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. My opinion on the financial statements is not modified relating to this change in accounting principle.

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 1, 2016 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 1, 2016

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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, 2015, 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 1, 2016.

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 1, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

Pursuant to the requirements of Governmental Accounting Standards Board (GASB) 34, the management of the South Jersey Port Corporation (the Port) offers the readers of the Port's financial statements a narrative overview and analysis of the activities of the Port for the fiscal period ending December 31, 2015.

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 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 continued throughout 2015 and into early 2016. The terminal infrastructure which includes utilities, rail track and internal roadways commenced in mid-2015. Completion of the Phase I construction program is targeted for early calendar year 2016.

Approximately 2.56 million tons of cargo passed through the Port Corporation's facilities in 2015. 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

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

Financial Analysis

Port Assets and Deferred Outflows of Resources exceeded Port Liabilities and Deferred Inflows of Resources by $47,641,032 at December 31, 2015.

Port's Net Position

	2015	2014
ASSETS		
Current & Other Assets	$83,577,895	$112,357,677
Capital Assets (Net)	265,791,817	256,411,449
Total Assets	349,369,712	368,769,126
DEFERRED OUTFLOWS OF RESOURCES		
Pension Deferred Outflows	2,628,163	
Total Deferred Inflows of Resources	2,628,163	
LIABILITIES		
Current Liabilities	28,934,752	53,713,805
Long-Term Liabilities	273,754,607	262,106,777
Total Liabilities	302,689,359	315,820,582
DEFERRED INFLOWS OF RESOURCES		
Service Concession Arrangements	575,809	671,592
Unrealized Rental Income	971,937	
Pension Deferred Inflows	979,605	
Total Deferred Inflows of Resources	2,527,351	671,592
NET POSITION		
Net Investment in Capital Assets	17,131,924	9,925,716
Restricted for:		
Reserve for Payment of Debt Service	24,725,567	24,759,830
Reserve for Inventory Supplies	1,382,176	1,456,922
Unrestricted:		
Unreserved	3,541,498	16,134,484
Total Net Position	$46,781,165	$52,276,952

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 $17,131,924 reflects the current Net Investment in Capital Assets. An additional portion of the Port's Net Position represents resources that are subject to external restrictions on how they may be used. They are used for capital projects, debt service payments, and city and county tax payments. Unrestricted Net Position is available for any Port related use.

Port Activities

Port activity for 2015 resulted in operating income before depreciation and amortization of $2,990,126.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

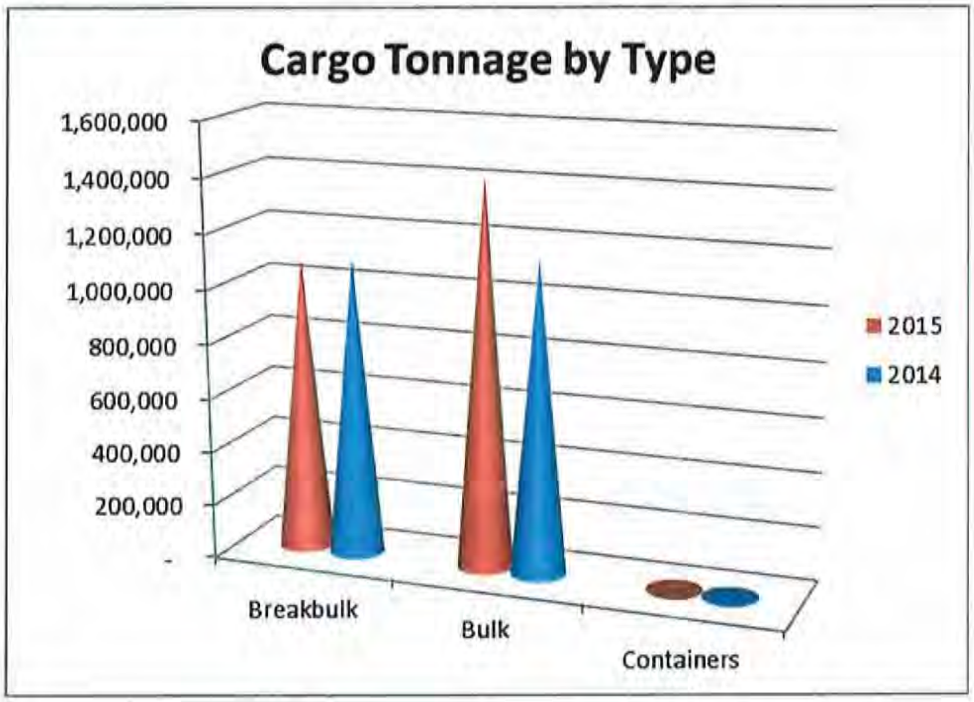
	2015	2014
Operating Revenues:		
Marine Direct	$22,134,973	$20,878,397
Marine Related	2,177,939	2,085,865
Other	624,210	801,950
Grant Revenue	6,320,943	3,810,392
Total Operating Revenues	31,258,065	27,576,604
Operating Expenses:		
General Operating	14,976,723	12,630,349
Repairs & Maintenance	1,413,505	1,202,255
General & Administrative	5,556,768	6,283,970
Grant Expenses	6,320,943	3,810,392
Total Operating Expenses	28,267,939	23,926,966
Operating Income Before Other Operating Expenses	2,990,126	3,649,638
Other Operating Expenses:		
Depreciation	3,638,317	4,501,052
Total Other Operating Expenses	3,638,317	4,501,052
Operating Income/(Loss) After Other Operating Expenses	(648,191)	(851,414)
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	87,992	53,232
Insurance Proceeds		320,052
Federal Subsidy Revenue	3,017,762	3,011,269
Unrealized Gain/(Loss) on Investment	377,823	37,680
Revaluation of Other Post Employment Benefit Liability		1,303,697
Interest Expense	(14,590,749)	(14,964,426)
Net Nonoperating Revenue/(Expenses)	(11,107,172)	(10,238,496)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	18,898,929	18,918,927
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	(74,746)	38,337
Total Operating Transfers	18,824,183	18,957,264
Net Income/(Loss) Before Contributions	5,028,678	7,867,354
Additions to Capital Contributions	25,000	
Change in Net Position	5,053,678	7,867,354
Net Position - Beginning of Year, As Restated	$41,727,487	$44,409,598
Net Position - End of Year	$46,781,165	$52,276,952

Cargo Tonnage

The South Jersey Port Corporation activity for 2015 totaled 2,525,562 tons. This is an increase of 12% as compared to 2014. The total tonnage increase is due primarily to an increase in steel products.



Breakbulk

Breakbulk activity for 2015 finished virtually even when compared to 2014 Port totals. Steel imports tonnage led all breakbulk cargoes with 832,153 tons, SJPC's 2nd largest annual total trailing only by 8% to the prior year total of 900,000 tons.

Bulk

Dry bulk cargoes collectively reached 1,432,545 tons in 2015, which was a 24% increase over the prior year. Export recycled scrap metals increased by 1% from 2014 while import cement and export Grancem® finished with a decrease of 4% from 2014. Other bulk cargo activity resulted from Road Salt, Sand, Urea, Pumice and Gypsum.

Containers

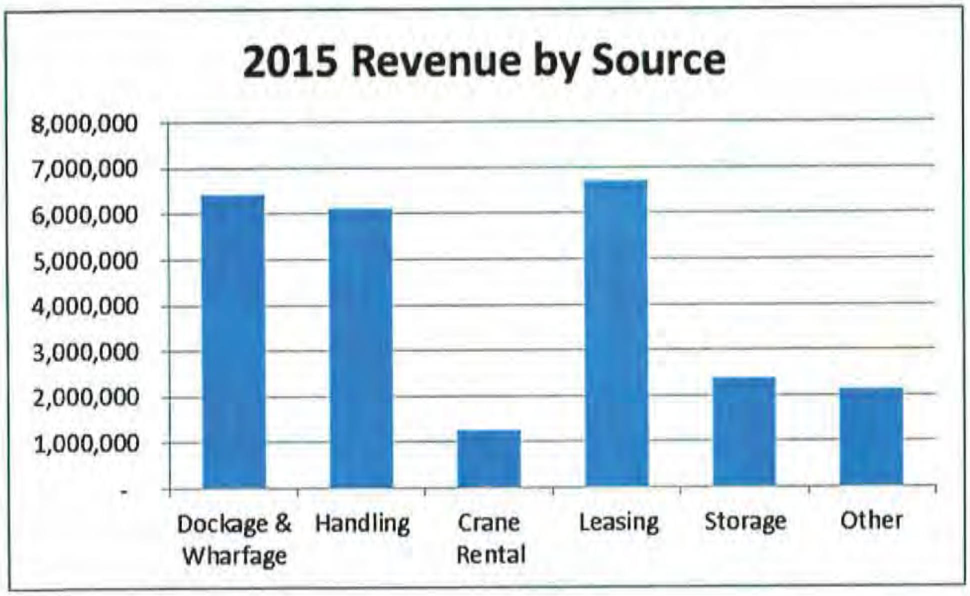
Container tonnage for the year 2015 was 14 tons compared to 8,400 tons in 2014.

Other Activity

Ship calls totaled 206 for the year ended 2015, 49 more than 2014. Ship days in 2015 totaled 543, an increase of 81 days from 2014.

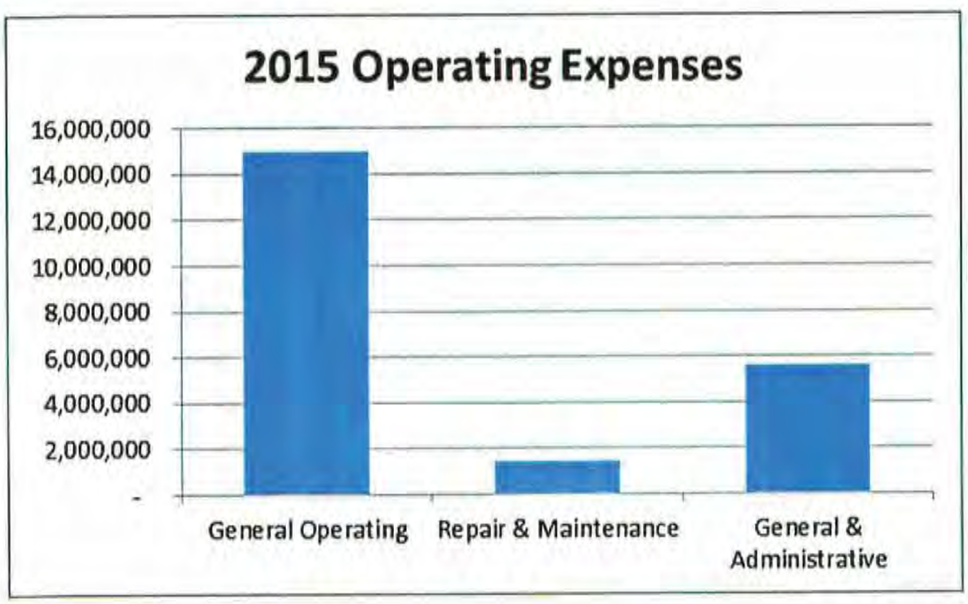
Operating Revenues

The Port Corporation generated $31,258,065 total in operating revenues in 2015. This represents an overall increase of $3,681,461 over 2014 totals.



Operating Expenses

Total Corporation operating expenses were $28,267,939 in 2015, an increase of $4,340,973 when compared to 2014.



Capital Assets

The Port's investment in Capital assets as of December 31, 2015 is $265,791,817

The investment in capital assets include land, buildings, piers and berths, and machinery and equipment. Net capital assets increased by $9,380,368 in 2015 over 2014. Annual depreciation and amortization reduced net property, plant and equipment.

Capital Assets

	2015	2014
Land	$18,235,317	$18,235,317
Building & Improvements	48,100,741	47,328,276
Land Improvements	118,162,942	118,162,942
Equipment	24,811,404	24,707,031
Engineering & Other	7,203,729	7,203,729
Financing Costs	9,159,938	9,159,938
Subtotal	$225,674,071	$224,797,233
Less: Accumulated Depreciation & Amortization	111,195,969	107,061,460
Subtotal	114,478,102	117,735,773
Construction in Progress	151,313,715	138,675,676
Total	$265,791,817	$256,411,449

Long-Term Debt

As of December 31, 2015 the Port had accumulated long-term debt of $258,483,517. This balance is comprised of the following:

Long-Term Debt

	2015	2014
Revenue Bonds	$245,805,000	$256,210,000
Capital Lease	600,000	700,000
Net Pension Payable	10,891,967	
Early Retirement	1,186,550	1,180,192
Total	$258,483,517	$258,090,192

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, 2015 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.

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1
(Page 1 of 2)

SOUTH JERSEY PORT CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2015 AND 2014

ASSETS	2015	2014
Current Assets:		
Unrestricted Assets:		
Cash & Cash Equivalents	$10,167,328	6,967,865
Accounts Receivable (Net of Allowance for Doubtful Accounts - $184,320 in 2015 and $369,345 in 2014)	2,818,594	4,486,302
Other Accounts Receivable	9,089,041	1,720,433
Prepaid Expenses	446,777	213,617
Inventory of Supplies	1,382,176	1,456,922
Total Unrestricted Current Assets	23,903,916	14,845,139
Restricted Assets:		
Cash & Cash Equivalents	31,235,964	73,612,732
Investments	9,424,306	4,895,993
Other Accounts Receivable	114,780	84,886
Due from State of New Jersey	18,898,929	18,918,927
Total Restricted Current Assets	59,673,979	97,512,538
Property, Plant & Equipment (Note 5):		
Completed	216,514,133	215,637,295
Construction in Progress	151,313,715	138,675,675
Bond Financing Costs	9,159,938	9,159,938
Total Property, Plant & Equipment	376,987,786	363,472,908
Less: Accumulated Depreciation & Amortization	111,195,969	107,061,459
Net Property, Plant & Equipment	265,791,817	256,411,449
Total Assets	349,369,712	368,769,126
DEFERRED OUTFLOW OF RESOURCES		
Pension Deferred Outflows	2,628,163	
Total Deferred Outflows of Resources	2,628,163	
Total Assets and Deferred Outflows of Resources	$351,997,875	368,769,126

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

SOUTH JERSEY PORT CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2015 AND 2014

LIABILITIES	2015	2014
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	275,726	354,027
Accrued Expenses	523,044	402,929
Payroll Taxes Payable	49,351	62,531
Accrued Vacation Payable	195,292	207,897
Lease Security & Escrow Deposits	210,142	209,151
Total Current Liabilities Payable From Unrestricted Assets	1,253,555	1,236,535
Current Liabilities Payable From Restricted Assets:		
Accrued Interest Payable	7,248,084	7,431,746
Contracts Payable	8,628,113	33,665,524
Revenue Bonds Payable (Short-Term Portion)	10,405,000	10,080,000
Capital Lease Payable	1,400,000	1,300,000
Total Current Liabilities Payable From Restricted Assets	27,681,197	52,477,270
Long-Term Liabilities:		
Long-Term Liabilities Payable From Unrestricted Assets:		
Early Retirement Payable	1,186,550	1,180,192
Unearned Lease Revenue	8,475,574	
Net Pension Payable	14,148,921	
Total Long-Term Liabilities Payable From Unrestricted Assets	23,811,045	1,180,192
Long-Term Liabilities Payable From Restricted Assets:		
Revenue Bonds Payable (Net of Unamortized Premium)	249,343,562	260,226,585
Capital Lease Payable	600,000	700,000
Total Long-Term Liabilities Payable From Restricted Assets	249,943,562	260,926,585
Total Liabilities	302,689,359	315,820,582
DEFERRED INFLOWS OF RESOURCES		
Service Concession Arrangements	575,809	671,592
Unrealized Rental Income	971,937	
Pension Deferred Inflows	979,605	
Total Deferred Inflows of Resources	2,527,351	671,592
NET POSITION		
Net Investment in Capital Assets	17,131,924	9,925,716
Restricted:		
Reserve for Payment of Debt Service	24,725,567	24,759,830
Reserve for Inventory of Supplies	1,382,176	1,456,922
Unrestricted:		
Unreserved	3,541,498	16,134,484
Total Net Position	46,781,165	52,276,952
Total Liabilities, Deferred Inflows of Resources and Net Position	351,997,875	368,769,126

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

SOUTH JERSEY PORT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Operating Revenues:		
Marine Direct	$22,134,973	20,878,397
Marine Related	2,177,939	2,085,865
Other	624,210	801,950
Grant Revenue	6,320,943	3,810,392
Total Operating Revenues	31,258,065	27,576,604
Operating Expenses:		
General Operating	14,976,723	12,630,349
Repairs & Maintenance	1,413,505	1,202,255
General & Administrative	7,596,910	6,283,970
Grant Expenses	6,320,943	3,810,392
Total Operating Expenses	30,308,081	23,926,966
Operating Income Before Other Operating Expenses	949,984	3,649,638
Other Operating Expenses:		
Depreciation	3,638,317	4,501,052
Total Other Operating Expenses	3,638,317	4,501,052
Operating Income/(Loss) After Other Operating Expenses	(2,688,333)	(851,414)
Nonoperating Revenues/(Expenses):		
Interest on Investments & Deposits	87,992	53,232
Insurance Proceeds		320,052
Federal Subsidy Revenue	3,017,762	3,011,269
Unrealized Gain/(Loss) on Investment	377,823	37,680
Revaluation of Other Post Retirement Benefit Liability		1,303,697
Interest Expense	(14,590,749)	(14,964,426)
Net Nonoperating Revenue/(Expenses)	(11,107,172)	(10,238,496)
Net Income/(Loss) Before Contributions and Transfers	(13,795,505)	(11,089,910)

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

SOUTH JERSEY PORT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Operating Transfers To/ From the State of New Jersey/Other:		
Debt Service Aid	18,898,929	18,918,927
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	(74,746)	38,337
Total Operating Transfers	18,824,183	18,957,264
Net Income/(Loss) Before Contributions	5,028,678	7,867,354
Additions To Capital Contributions	25,000	
Change in Net Position	5,053,678	7,867,354
Net Position - Beginning of Year, As Restated (Note 19)	41,727,487	44,409,598
Net Position - End of Year	$46,781,165	52,276,952

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

SOUTH JERSEY PORT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities:		
Receipts from Customers	$25,115,993	24,546,255
Interest Receipts	178,118	590,588
Payments to Employees	(6,468,183)	(5,988,540)
Payments for Employee Benefits	(4,525,732)	(4,183,893)
Payments to Suppliers	(33,026,564)	(15,828,322)
Net Cash Provided/(Used) by Operating Activities	(18,726,368)	(863,912)
Cash Flows From Noncapital Financing Activities:		
Developers' Escrow Refunds	991	556
Net Cash Provided/(Used) by Noncapital Financing Activities	991	556.00
Cash Flows From Capital & Related Financing Activities:		
Acquisition & Construction of Capital Assets	(13,451,710)	(20,643,253)
Federal Interest Subsidy	3,017,762	3,011,269
Insurance Proceeds	-	320,052
Interest Paid on Revenue Bonds	(14,774,411)	(15,054,039)
Principal Paid on Revenue Bonds	(10,080,000)	(5,185,000)
State Aid for Debt Service	18,898,929	14,756,323
Camden City PILOT Revenues	4,000,000	4,000,000
Camden City PILOT Payments	(4,000,000)	(4,000,000)
Camden County PILOT Revenues	419,000	419,000
Camden County PILOT Payment	(419,000)	(419,000)
Paulsboro PILOT Revenues	500,000	500,000
Paulsboro PILOT Expenditures	(500,000)	(500,000)
Gloucester County PILOT Revenues	150,000	150,000
Gloucester County PILOT Payment	(150,000)	(150,000)
Salem PILOT Revenues	31,224	31,224
Salem PILOT Payment	(31,224)	(31,224)
Net Cash Provided/(Used) by Capital & Related Financing Activities	(16,389,430)	(22,794,648)
Cash Flows From Investing Activities:		
Unrealized Gain/(Loss) on Investment	377,823	37,680
Net Cash Provided/(Used) by Investing Activities	465,815	90,912

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

SOUTH JERSEY PORT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Net Increase/(Decrease) in Cash & Cash Equivalents	(34,648,992)	(23,567,092)
Balances - Beginning of Year	85,476,590	109,043,682
Balances - End of Year	$50,827,598	85,476,590

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

	2015	2014
Operating Income/(Loss)	($2,688,333)	(851,414)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Activities:		
Depreciation & Net Amortization	3,638,317	4,501,052
(Increase)/Decrease in Accounts Receivable, Net	(5,730,794)	(2,524,043)
(Increase)/Decrease in Prepaid Expenses	(233,160)	84,282
Increase/(Decrease) in Accounts Payable	28,634	(1,963,539)
Increase/(Decrease) in Accrued Liabilities	(12,605)	27,667
Increase/(Decrease) in Contracts Payable	(25,037,411)	
Increase/(Decrease) in Early Retirement Payable	6,358	9,106
Increase/(Decrease) in Concession Arrangements	(95,783)	(147,023)
Increase/(Decrease) in Unearned Lease Revenue	8,475,574	
Increase/(Decrease) in Unrealized Rental Income	971,937	
Total Adjustments	(17,988,933)	(12,498)
Net Cash Provided/(Used) by Operating Activities	($20,677,266)	(863,912)

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, 2015

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.

1. Summary of Significant Accounting Policies (continued):

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets net of total liabilities) are segregated into invested capital assets, net of related debt; restricted for capital activity; restricted for debt service; and unrestricted components.

During 2015 the Authority adopted GASB Statement 68 *Accounting and Financial Reporting for Pensions;* this statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. It replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers* as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The primary effect of this statement is to recognize a liability in the financial statements prepared using the economic resources measurement focus and accrual basis of accounting for its proportionate share of the collective net pension liability of all employers for benefits provided through the pension plan. This Statement had a significant effect on the Authority's financial statements for fiscal year ended December 31, 2015

During 2015 the Authority adopted GASB Statement 71 *Pension Transition for Contributions made Subsequent to the measurement Date-An Amendment of GASB Statement No. 68,* this statement requires a state or local government employer to recognize a net pension liability measured as of a date no earlier than the end of its prior fiscal year. If a state or local government employer or non employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition , Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non employer contributing entity that arise from other types of events. At transition to Statement 68, if it's not practical for an employer or non employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any , made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows or resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this statement are applied simultaneously with GASB 68.

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Summary of Significant Accounting Policies (continued):

GASB Statement 72 *Fair Value Measurement and Application*, this Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Authority does not expect this statement to impact its financial statements. The statement is effective for periods beginning after June 30, 2015.

GASB Statement 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The statement is effective for periods beginning after June 30, 2015.

GASB Statement 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* the objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Authority is evaluating this statement to determine its impact the financial statements.

GASB Statement 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter

1. Summary of Significant Accounting Policies (continued):

period equity, and creating additional transparency. The Authority is evaluating this statement to determine its impact the financial statements.

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, 2015 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 116 full time employees and 6 part time employees.

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

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

1. Summary of Significant Accounting Policies (continued):

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

Accounting Policies and Basis of Presentation

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

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

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

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

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

d) **Marine Terminal Revenue Bond Resolution**

The Corporation is subject to the provisions and restrictions of the Marine Terminal Revenue Bond Resolution adopted 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).

1. Summary of Significant Accounting Policies (continued):

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

4) **Maintenance Reserve Account** - such amount necessary to increase the retained earnings to equal the Maintenance Reserve Fund Requirement, which is the amount, budgeted for major renewals, repairs or replacement.

5) **Tax Reserve Account** - such amount to increase the balance in the Payment Account to equal the Property Tax Reserve and then such amount to increase the balance in the Reserve Account to equal the tax payments for the current year.

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

The following is a summary of the functions and activities 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

1. Summary of Significant Accounting Policies (continued):

Consulting Engineers to make a study for the purpose of recommending a schedule of rates, fees and charges for the Marine Terminals which, in the opinion of the Corporation or the Consulting Engineers, will cause sufficient revenues to be collected in the following calendar year to provide funds for all such payments and will cause additional revenues to be collected in such following and later calendar years sufficient to restore the amount of such deficiency at the earliest practicable time.

Debt Service Account

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

Debt Service payments for 2015 included $10,080,000 for principal and $14,679,830 for interest. Funds were provided as follows:

Debt Service Reserve Fund	$15,240,472
Construction Fund	9,519,358
Total	$24,759,830

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 $18,898,929.

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 $24,725,567.

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.

1. Summary of Significant Accounting Policies (continued):

Section 506 of the Bond Resolution, as amended by Section 302 of the Supplemental Bond Resolution, specified that operating revenues shall be deposited to the Maintenance Reserve Account only after meeting the necessary payments to the Operating Account, Debt Service Account, Debt Reserve Account and Rebate Account.

During the year no funds were provided from operating revenue.

Property Reserve Account

Purpose 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 2015 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.

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, 2015 through the date of March 1, 2016, which is the date the financial statements were available to be issued.

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, 2015, and reported at fair value are as follows:

Type	**Carrying Value**
Deposits:	
Demand Deposits	$ 41,403,292
Total Deposits	$ 41,403,292

2. Cash and Cash Equivalents (continued):

Reconciliation of Statement of Net Position:

Current:	
Unrestricted Assets:	
Cash & Cash Equivalents	$ 10,167,328
Restricted Assets:	
Cash & Cash Equivalents	31,235,964
Total	$ 41,403,292

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, 2015, the Corporation's bank balance of $42,025,861 was insured or collateralized as follows:

Insured	$ 1,000,000
Collaterized in the Corporation's Name Under GUDPA (See Note 3)	39,805,390
Collaterized not in the Corporation's Name (New Jersey Cash Management Fund)	1,220,471
Total	$ 42,025,861

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, 2015, are provided in the above schedule.

Note 3. Investments (continued):

C. Investment Credit Risk

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

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

As of December 31, 2015, the Corporation had the following investments and maturities:

Investment	Maturities	Rating	Fair Value
FHLB Non-Callable Bonds	6/22/16	AAA	\$8,606,127
Federal Home Loan Discount Notes	6/22/16	N/A	818,179
Total			\$9,424,306

Note 4. Governmental Unit Deposit Protection Act (GUDPA)

The Corporation deposited cash in 2015 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.

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.

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, 2014	Additions	Deletions	Reclass/ Adjustments	Balance December 31, 2015
Land	$ 18,235,317				$ 18,235,317
Buildings & Improvements	47,328,276	$ 332,508		439,957	48,100,741
Land Improvements	118,162,942				118,162,942
Equipment	24,707,031	104,373			24,811,404
Engineering & Other	7,203,729				7,203,729
Financing Costs	9,159,938				9,159,938
Subtotal	224,797,233	436,881	-	439,957	225,674,071
Less: Accumulated Depreciation Amortization	(107,061,459)	(4,134,510)			(111,195,969)
Subtotal	117,735,774	(3,697,629)	-	439,957	114,478,102
Construction in Progress	138,675,675	13,077,997	-	(439,957)	151,313,715
Total	$256,411,449	$ 9,380,368	$ -	$ -	$265,791,817

Note 6. Pension Plan

Description of System and Vesting

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

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage.

At December 31, 2015 the Corporation reported a liability of $14,148,921 for its proportionate share of the net pension liability as measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Corporation's proportion of the net pension liability was based on a projection of the Corporation's long – term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the Corporation's proportion was .0307% which increased slightly by .0027% from its proportion measured as of June 30, 2014.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Note 6. Pension Plan (continued):

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 6.92%, effective July 1, 2014 and increases to 7.06%, effective July 1, 1015 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, 2015, 2014 and 2013 were $479,587, $481,346 and $445,119, respectively, equal to the required contributions for each year.

Public Employees Retirement System (PERS)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended December 31, 2015, the Corporation recognized pension expense of $2,436,843, the Corporation reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	337,544	
Changes of assumptions		1,519,481	
Net difference between projected and actual earnings on pension plan investments			227,487
Changes in proportion and differences between Corporation contributions and proportionate share of contributions		771,138	752,118
Total	$	2,628,163	979,605

Note 6. Pension Plan (continued):

Additional Information

Collective balances at December 31, 2015 and 2014 as follows:

	2015	2014
Collective deferred outflows of resources	$3,578,755,666	952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
Corporation's Proportion	.0307%	.0280%

$2,628,163 reported as deferred outflows of resources related to pensions resulting from Corporation contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended December 30:
2016	$ 263,548
2017	263,548
2018	263,548
2019	263,548
2020	263,548
Thereafter	313,818
Total	$ 1,648,558

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

Early Retirement Incentive Plan

In 2003 the State of New Jersey signed into Law the State Early Retirement Incentive (ERI) program as Chapter 23, PL. 2002. The ERI has a provision that allows optional participation in the program by certain State Autonomous Authorities. Participation is optional, as these organizations will have to bear the cost of the incentives provided to their employees who retire. The Board of Directors of the South Jersey Port Corporation adopted a resolution to allow its eligible employees to participate in the ERI program. In 2002 four employees elected to participate in the ERI. In 2003 an additional four employees elected to participate in the ERI. The liability to the Corporation is $1,186,550 as of December 31, 2015.

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 2015 for $94,582, which included principal and interest.

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6. Pension Plan :

Early Retirement Incentive Plan (continued):

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

Year	Principal	Interest	Total
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	$1,186,550	$1,432,474	$2,619,024

Note 7. Long-Term Debt

The following is a summary of long-term debt at December 31, 2015:

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	5.000%	11,305,000	8,170,000
Series 2007 N Marine Terminal Revenue Bonds	11/08/07	01/01/38	4.500% 5.250%	11,235,000	9,860,000
Series 2009 O Marine Terminal Revenue Bonds	01/29/09	01/01/39	4.000% 5.875%	25,885,000	23,070,000

Note 7. Long-Term Debt (continued) :

Series 2009 P Marine Terminal Revenue Bonds	12/30/09	01/01/40	2.995% 7.365%	157,880,000	145,900,000
Series 2012 Q Marine Terminal Refunding Bonds	10/17/12	01/01/33	3.000% 3.250%	60,060,000	55,240,000
Series 2012 R Marine Terminal Refunding Bonds	10/17/12	01/01/24	4.000%	16,050,000	13,970,000
Total					$256,210,000
Add: Unamortized Bond Premium					3,538,562
Less: Current Maturities Included in Current Liabilities					10,405,000
Balance					$249,343,562

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
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	11,920,000	12,464,629	24,384,629
2021-2025	47,590,000	55,165,501	102,755,501
2026-2030	49,055,000	42,454,777	91,509,777
2031-2035	51,625,000	26,826,412	78,451,412
2036-2040	52,065,000	9,301,587	61,366,587
Total	$256,210,000	$200,872,808	$457,082,808

Note 7. Long-Term Debt (continued):

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

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

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

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

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

e) On December 30, 2009, the Corporation issued $157,880,000 in aggregate Marine Terminal Revenue Bonds, Series P. The Series P Bonds consist of $4,925,000 Marine Terminal Revenue Bonds, Series 2009 P-1 (Federally Taxable), $23,215,000 Marine Terminal Revenue Bonds, Series 2009 P-2 (Tax-Exempt Private Activity), and $129,740,000 Marine Terminal Revenue bonds, Series 2009 P-3 (Federally

Note 7. Long-Term Debt (continued):

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.

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
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	$ 8,170,000		$ 9,860,000	

Note 7. Long-Term Debt (continued):

Issue Year	.....SERIES O-1..... Annual Principal	Interest Rate	.....SERIES O-2..... Annual Principal	Interest Rate	....SERIES O-3..... Annual Principal	Interest Rate	SERIES "O" Total Principal
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		$2,385,000		$23,070,000

Issue Year	.....SERIES P-2..... Annual Principal	Interest Rate	....SERIES P-3..... Annual Principal	Interest Rate	SERIES "P" Total Principal
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

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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
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	$$16,160,000		$129,740,000		$145,900,000

	......SERIES Q......		......SERIES R......		Grand
Issue Year	Annual Principal	Interest Rate	Annual Principal	Interest Rate	Total Principal
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

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 7. Long-Term Debt (continued):

	......SERIES Q......		......SERIES R......		Grand
Issue Year	Annual Principal	Interest Rate	Annual Principal	Interest Rate	Total Principal
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	$55,240,000		$13,970,000		$256,210,000

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

Note 7. Long-Term Debt (continued):

ISSUE YEAR	SERIES O-1	SERIES O-2	SERIES O-3	SERIES P-3	GRAND TOTAL
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	$2,385,000	$114,810,000	$152,930,000

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

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

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, 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

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

Note 7. Long-Term Debt (continued):

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

The Series 2009 P-3 Taxable Build America Bonds are subject to redemption prior to maturity by written direction of the Corporation, in whole or in part, at any time on any business day, at the "Make-Whole Redemption Price". The Make-Whole Redemption Price is the greater of (i) 100% of the principal amount of the Series 2009 P-3 Taxable Build America Bonds to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2009 P-3 Taxable Build America Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2009 P-3 Taxable Build

America Bonds are to be redeemed, discounted to the date on which the Series 2009B Taxable Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted "Treasury Rate" plus 25 basis points, plus, in each case, accrued and unpaid interest on the Series 2009 P-3 Taxable Build America Bonds to be redeemed to the redemption date.

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

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

Year	Interest Subsidy to be Received
2016	$ 3,246,651
2017	3,246,651
2018	3,210,234
2019	3,135,106
2020	3,055,485
2021-2025	14,492,281
2026-2030	11,954,110
2031-2035	7,995,149
2036-2040	2,939,602
Total	$53,275,269

SOUTH JERSEY PORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 7. Long-Term Debt (continued):

The following is a summary of all long-term debt of the Corporation as of December 31, 2015:

	Balance December 31, 2014	Issued	Retired	Balance December 31, 2015	Due Within One Year
Restricted:					
Bond Payable	$266,290,000		(10,080,000)	256,210,000	10,405,000
Capital Lease	2,000,000			2,000,000	1,400,000
Total	$269,470,192	19,373,899	(10,080,000)	$258,210,00	11,805,000

Add: Unamortized Bond Premium	3,538,562
Less: Due within One Year	11,805,000
Total	$249,943,562

Note 8. Leases Obligations

At December 31, 2015, the Corporation had lease agreements in effect for the following:

Operating:

Mailing Machine

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

Year	Amount
2016	$ 4,800
2017	4,800
2018	4,800
2019	1,200
Total minimum Lease Payments	$15,600

Rental payments under operating leases for the year 2015 were $4,800.

Note 8. Leases Obligations (continued):

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

Year	Amount
2016	$29,625
2017	19,680
2018	19,680
Total Minimum Lease Payments	68,985
Less: Amount Representing Interest	4,159
Present Value of Net Minimum Lease Payments	$64,826

Lease payments under Capital leases for the year 2015 were $43,548.

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.

Note 11. PILOT Payments

City of Camden PILOT Payments – The Corporation entered into a 2015 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 2015 began in July 1, 2014 and ended June 30, 2015. Pursuant to the 2015 "PILOT" agreement, the Corporation is not required to make the 2016 "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.

Note 11. PILOT Payments (continued):

County of Camden PILOT Payments - The Corporation has entered into a 2015 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 2015. An appropriation of $419,000 will be required from the State to make payment to the 2016 County of Camden "PILOT Tax Agreement".

City of Salem PILOT Payments – The Corporation has entered into a 2015 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 2015. An appropriation of $31,225 will be required from the State to make payment to the 2016 City of Salem "PILOT Tax Agreement".

Borough of Paulsboro PILOT Payments – The Corporation has entered into a 2015 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 2015. An appropriation of $500,000 will be required from the State to make payment to the 2016 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 2015 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 2016 County of Gloucester "PILOT Tax Agreement".

All Pilot payments are Pursuant to *N.J.S.A.12: 11A20* the amounts are credited to the "South Jersey Port Corporation Tax Reserve Fund". (See Schedule in Supplementary Schedules)

Note 12. Capital Projects and Funding Sources

During 2001 South Jersey Port Corporation entered into a Capital Lease with the Delaware River Port Authority (DRPA) in the amount of $2,000,000 for electrical substation upgrades at the Broadway terminal. The lease term is twenty years at no interest rate. As of the date of this report no payments have been made on the lease. It is the opinion of the Corporation 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.

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

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 and additional projects of $57,500, Skylight Renovations for Bonds Series O-3 in the amount of $682,487 and Paulsboro Marine Terminal Project for Bond Series P-2 and P-3 in the amount of $127,415,220. Pier 1A Extension totaling $2,650,219. Broadway Railway renovations in the amount of $527,430. Holtec building improvements totaling $1,665. Total construction in progress amounted to $151,313,716.

Note 13. Port of Salem

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

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

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

Note 14. Paulsboro Marine Terminal Project and Financing

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

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

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

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.

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.

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

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 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

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

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 Test defined therein had been satisfied or waived in accordance with the term 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.

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

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.

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.

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

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.

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

Note 15. Port of Paulsboro Project Status (continued):

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 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 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 $1,382,176 as of December 31, 2015.

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, 2014, there were 103,432 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 $165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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.

Note 17. Post-Retirement Benefits (continued):

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.

Funding Policy

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

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

The South Jersey Port Corporation contributions to SHBP for the year ended December 31, 2015 was $301,770, which equaled the required contributions for the year. There were fifteen (15) retired participants eligible at December 31, 2015.

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. Retroactive Restatement of Net Position

The Corporation adopted GASB No. 68 – Accounting and Financial Reporting for Pensions – An amendment of GASB No. 27 during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the Corporation to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of December 31, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the Corporation was adjusted to reflect the beginning balance of the net position liability. Since the measurement date of the net pension liability is December 31, 2015, the restatement adjustments to Net Position relate to the beginning net pension liability measured as of December 31, 2014. Also, in accordance with GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, the Corporation restated its Net Position for pension contributions made after the beginning net pension liability measurement date of December 31, 2014 (Deferred Outflows).

Net Position (Per Exhibit A, December 31, 2014)	$52,276,952
Restatement of:	
Net Pension Liability	(10,891,967)
Pension Deferred Outflows	342,502
Net Position - Per Exhibit A, December 31, 2014 (As Restated)	$41,727,487

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REQUIRED SUPPLEMENTARY INFORMATION – PART II

SOUTH JERSEY PORT CORPORATION
COMPARATIVE SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Revenues:						
Marine Direct:						
Leases - Marine Direct	$6,482,921	6,482,921	6,004,887	6,482,921	6,482,921	5,894,013
Crane Rental	1,008,919	1,008,919	1,238,326	1,008,919	1,008,919	1,175,866
Dockage	2,106,048	2,106,048	2,663,700	1,891,980	1,891,980	2,263,345
Handling	4,817,986	4,817,986	6,094,247	4,800,698	4,800,698	5,930,389
Storage	1,732,443	1,732,443	2,365,457	1,597,183	1,597,183	1,740,207
Wharfage	3,257,396	3,257,396	3,756,772	3,057,396	3,057,396	3,870,828
Demurrage	5,251	5,251	11,584	6,351	6,351	3,749
Total Marine Direct	19,410,964	19,410,964	22,134,973	18,845,448	18,845,448	20,878,397
Marine Related:						
Leases - Industrial	536,278	536,278	700,663	532,277	532,277	533,215
Utilities	677,509	677,509	803,114	758,456	758,456	626,703
Port of Salem Revenue	126,024	126,024	106,200	126,024	126,024	106,040
Miscellaneous	441,518	441,518	567,962	441,518	441,518	819,907
Total Marine Related	1,781,329	1,781,329	2,177,939	1,858,275	1,858,275	2,085,865
Other Income:						
Income on Investments	135,000	135,000	178,118	135,000	135,000	590,588
Miscellaneous	151,295	151,295	446,092	171,264	171,264	211,362
Total Other Income	286,295	286,295	624,210	306,264	306,264	801,950
Grant Revenue			6,320,943			3,810,392
Total Revenues	$21,478,588	21,478,588	31,258,065	21,009,987	21,009,987	27,576,604
Operating Expenses:						
Port Operations:						
Labor Expense:						
Labor Crane	272,868	272,868	198,329	267,518	267,518	201,392
Labor Handling	1,532,367	1,532,367	2,429,462	1,502,321	1,502,321	1,965,754
Labor Repairs & Maintenance	1,011,027	1,011,027	1,016,825	991,203	991,203	1,113,488
Security	699,808	699,808	768,231	686,086	686,086	711,041
Supervisors	574,535	574,535	593,319	563,270	563,270	636,333
Total Labor Expense	4,090,605	4,090,605	5,006,166	4,010,398	4,010,398	4,628,008
Payroll Taxes	454,105	454,105	495,025	445,201	445,201	476,763
Workers Compensation Insurance	430,546	430,546	683,888	422,104	422,104	537,480
Employee Benefits:						
Hospitalization	1,835,458	1,835,458	1,423,195	1,799,469	1,799,469	1,309,324
Vacation, Holiday, Sick, Pension	459,000	459,000	600,121	450,000	450,000	467,648
Miscellaneous Employer Expenses	37,650	37,650	48,068	36,912	36,912	61,504
Total Employee Benefits	3,216,759	3,216,759	3,250,297	3,153,686	3,153,686	2,852,719
Crane Rental - Gas & Oil	93,713	93,713	52,008	91,875	91,875	69,280

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
Handling:						
Gas & Oil	226,773	226,773	243,029	222,326	222,326	309,631
Miscellaneous	71,784	71,784	266,095	70,376	70,376	179,277
Trucking Expenses	53,231	53,231	229,764	52,187	52,187	152,866
Clerking & Checking	1,782,881	1,782,881	3,428,806	1,747,923	1,747,923	2,594,799
Total Handling	2,134,669	2,134,669	4,167,694	2,092,812	2,092,812	3,236,573
Rental of Equipment	32,213	32,213	697,686	31,581	31,581	307,882
Trash Removal	127,500	127,500	238,930	125,000	125,000	228,255
Security:						
Contracted Services	23,718	23,718	52,702	23,253	23,253	5,793
Other Expenses	20,932	20,932	1,146	20,522	20,522	39,738
Total Security	44,650	44,650	53,848	43,775	43,775	45,531
Port of Salem Operations	58,803	58,803	58,732	58,079	58,079	57,874
Utilities	1,431,734	1,431,734	1,451,362	1,403,661	1,403,661	1,204,227
Total Port Operations	11,230,646	11,230,646	14,976,723	11,010,867	11,010,867	12,630,349
Repairs & Maintenance:						
Buildings & Grounds:						
Contracted	262,500	262,500	187,138	257,353	257,353	169,904
Fees & Permits	20,923	20,923	8,546	20,513	20,513	54,090
Materials	313,919	313,919	349,898	307,763	307,763	322,062
Total Buildings & Grounds	597,342	597,342	545,582	585,629	585,629	546,056
Cranes:						
Contracted	109,499	109,499	216,137	107,352	107,352	146,659
Materials	122,297	122,297	56,036	119,899	119,899	57,403
Total Cranes	231,796	231,796	272,173	227,251	227,251	204,062
Mobile Machinery & Equipment:						
Contracted	38,454	38,454	26,558	37,700	37,700	44,214
Equipment	32,429	32,429	15,730	31,793	31,793	3,032
Materials	211,994	211,994	496,022	207,837	207,837	372,810
Small Tools	20,061	20,061	57,440	19,668	19,668	32,081
Total Mobile Machinery & Equipment	302,938	302,938	595,750	296,998	296,998	452,137
Total Repairs & Maintenance	1,132,076	1,132,076	1,413,505	1,109,878	1,109,878	1,202,255

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL
Operating Expenses (Continued):						
General & Administrative:						
Labor - Office Clerical & Related	850,181	850,181	1,005,256	833,511	833,511	953,201
Labor - Administrative	520,726	520,726	456,761	510,516	510,516	407,331
Payroll Taxes	147,550	147,550	129,041	144,657	144,657	122,351
Workmen's Compensation	4,321	4,321	4,236	4,236	4,236	4,236
Employee Benefits:						
Hospitalization	824,626	824,626	776,885	808,457	808,457	877,495
Pension	640,368	640,368	2,436,843	627,812	627,812	481,346
Insurance	1,619,548	1,619,548	1,139,349	1,587,792	1,587,792	1,532,619
Professional Fees	708,040	708,040	798,816	694,157	694,157	776,463
Miscellaneous	779,881	779,881	748,819	765,524	765,524	988,508
Telephone	47,549	47,549	58,904	46,617	46,617	52,920
Utilities	30,600	30,600	30,000	30,000	30,000	27,500
Bad Debt	60,000	60,000	12,000	60,000	60,000	60,000
Total General & Administrative	6,233,390	6,233,390	7,596,910	6,113,279	6,113,279	6,283,970
Grant Expenses			6,320,943			3,810,392
Total Operating Expenses	18,596,112	18,596,112	30,308,081	18,234,024	18,234,024	23,926,966
Operating Income Before Other Operating Expenses	$2,882,476	2,882,476	949,984	2,775,963	2,775,963	3,649,638

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SUPPLEMENTARY SCHEDULES

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF NET POSITION
DECEMBER 31, 2015

		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	$10,167,328		21,771,889	170,434	18,714,377	3,570	50,827,598
Accounts Receivable (Net of Allowance for Doubtful Accounts of $184,320)	2,818,594						2,818,594
Due from State			18,898,929				18,898,929
Other Accounts Receivable	9,089,041				114,780		9,203,821
Prepaid Expenses	446,777						446,777
Inventory of Supplies	1,382,176						1,382,176
Interfund Accounts Receivable	18,676,753	70,505,691	119,579,041	339,844	139,334,704		348,436,033
Total Current Assets	42,580,669	70,505,691	160,249,859	510,278	158,163,861	3,570	432,013,928
Property, Plant & Equipment (Note 5)					216,514,133		216,514,133
Construction in Progress					151,313,715		151,313,715
Bond Financing Costs					9,159,938		9,159,938
Subtotal					376,987,786		376,987,786
Accumulated Depreciation & Amortization					111,195,969		111,195,969
Total Property, Plant & Equipment & Construction in Progress					265,791,817		265,791,817
Total Assets	42,580,669	70,505,691	160,249,859	510,278	423,955,678	3,570	697,805,745

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF NET POSITION
DECEMBER 31, 2015

		RESTRICTED					
LIABILITIES	UNRESTRICTED OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE ACCOUNT	MAINTENANCE RESERVE ACCOUNT	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT	TOTAL
Current Liabilities Payable from Assets:							
Accounts Payable	275,726						275,726
Contracts Payable					8,628,113		8,628,113
Capital Lease Payable					1,400,000		1,400,000
Accrued Expenses	523,044						523,044
Accrued Interest Payable		7,248,084					7,248,084
Accrued Vacation Payable	195,292						195,292
Payroll Taxes Payable	49,351						49,351
Lease Security & Escrow Deposits	210,142						210,142
Revenue Bonds - Short Term					10,405,000		10,405,000
Interfund Accounts Payable	12,693,207	63,257,607	135,524,292	103	136,957,254	3,570	348,436,033
Total Current Liabilities	13,946,762	70,505,691	135,524,292	103	157,390,367	3,570	377,370,785
Long Term Liabilities Payable:							
Early Retirement Payable	1,186,550						1,186,550
Unearned Lease Revenue	8,475,574						8,475,574
Net Pension Payable	14,148,921						14,148,921
Revenue Bonds (Long-Term Portion)					249,343,562		249,343,562
Capital Lease Payable					600,000		600,000
Total Long Term Liabilities	23,811,045				249,943,562		273,754,607
Total Liabilities	37,757,807	70,505,691	135,524,292	103	407,333,929	3,570	651,125,392
DEFERRED INFLOWS OF RESOURCES							
Service Concession Arrangements	575,809						575,809
Unrealized Rental Income	971,937						971,937
Pension Deferred Inflows	979,605						979,605
Total Deferred Inflows of Resources	2,527,351						2,527,351
NET POSITION							
Net Investment in Capital Assets				510,175	16,621,749		17,131,924
Reserve for Payment of Debt Service			24,725,567				24,725,567
Reserve for Inventory Supplies	1,382,176						1,382,176
Unreserved	3,541,498						3,541,498
Net Position	4,923,674		24,725,567	510,175	16,621,749		46,781,165
Total Liabilities, Deferred Inflows of Resources and Net Position	$45,208,832	70,505,691	160,249,859	510,278	423,955,678	3,570	700,433,908

SCHEDULE 3

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF CHANGES IN NET POSITION ALL ACCOUNTS
DECEMBER 31, 2015

	OPERATING ACCOUNTS	DEBT SERVICE ACCOUNT	DEBT SERVICE RESERVE	MAINTENANCE RESERVE	CONSTRUCTION ACCOUNT	TAX RESERVE ACCOUNT	TOTAL
Net Position - Beginning Balance, as restated	$7,041,941		24,759,830	510,175	9,415,541		41,727,487
Add:							
Excess of Revenue Over Expenses	949,984						949,984
State of New Jersey:							
Debt Service Aid			18,898,929				18,898,929
PILOT Payments						5,100,224	5,100,224
Federal Subsidy Revenue	3,017,762						3,017,762
Additions To Capital Contributions					25,000		25,000
Interest on Investments					87,992		87,992
Unrealized Gain on Investment			377,823				377,823
Interfund Transfers		14,496,167			10,731,533		25,227,700
Total	11,009,687	14,496,167	44,036,582	510,175	20,260,066	5,100,224	95,412,901
Deduct:							
Interest Expense	94,582	14,496,167					14,590,749
Depreciation/ Amortization Expense					3,620,147		3,620,147
Transfer of Depreciation to Contributed Capital					18,170		18,170
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
Inventory of Supplies	74,746						74,746
Interfund Transfers	5,916,685		19,311,015				25,227,700
Total	6,086,013	14,496,167	19,311,015		3,638,317	5,100,224	48,631,736
Net Position December 31, 2015	$4,923,674		24,725,567	510,175	16,621,749		46,781,165

SCHEDULE 4

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

	2015	2014	2013
Corporation's Proportion of the Net Pension Liability (Asset)	0.03065%	0.02804%	0.03179%
Corporation's Proportionate Share of the Net Pension Liability (Asset)	$14,148,921	$10,891,967	$12,209,327
Corporation's covered employee payroll	$5,341,347	$4,500,529	$4,061,183
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

SCHEDULE 5

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

	2015	2014	2013
Actuarially Determined Contribution	$479,587	$481,346	$445,119
Contributions in relation to the Actuarially Determined Contributions	479,587	481,346	445,119
	$0	$0	$0
Covered-Employee Payroll	$7,280,126	$6,468,354	$5,252,316
Contributions as a Percentage of Covered- Employee Payroll	6.588%	7.442%	8.475%

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

REQUIRED SUPPLEMENTARY INFORMATION – PART III

SOUTH JERSEY PORT CORPORATION

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Additional detailed information about the pension plans is available in the separately issued State of New Jersey Public Employees' Retirement System – Schedules of Employer Allocations and Schedules of Pension Amounts by Employer at http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml

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SINGLE AUDIT SECTION

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

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

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the South Jersey Port Corporation, in the County of Camden, State of New Jersey as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise South Jersey Port Corporation's basic financial statements, and have issued my report thereon dated March 1, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
March 1, 2016

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB'S CIRCULAR 04-04 AND 15-08

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

Report on Compliance for Each Major Federal and State Program

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,* and the *Circular 04-04 and 15-08 New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of South Jersey Port Corporation's major federal and state programs for the year ended December 31, 2015. South Jersey Port Corporation's major federal and state programs are identified in the *Summary of Auditor's Results Section* of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of South Jersey Port Corporation's major federal and state 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 Non-Profit Organizations* State of New Jersey OMB's Circular 04-04 and 15-08, *Single Audit Policy for Recipients of Federal, State Grants and State Aid.* Those standards, OMB Circular A-133 and State of New Jersey Circular OMB's 04-04 and 15-08 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 and state program occurred. An audit includes examining, on a test basis, evidence about the South Jersey Port Corporation's compliance with those requirements and performing 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 and state program. However, my audit does not provide a legal determination of the South Jersey Port Corporation's compliance.

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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 and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2015.

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 and state 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 and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey OMB's Circular 04-04 and 15-08, 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 internal control 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 and the New Jersey OMB's Circular 04-04 and 15-08. 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 Corporation as of and for the year ended December 31, 2015, and have issued my report thereon dated March 1, 2016, 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 and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04 and 15-08 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
March 1, 2016

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SOUTH JERSEY PORT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

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)	DTMA1G12004	9/30/12 - 9/30/18	20.933	$18,500,000	$2,067,010	2,067,010
			Total		$2,067,010	2,067,010

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

SCHEDULE B

SOUTH JERSEY PORT CORPORATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

FEDERAL GRANTOR/PROGRAM TITLE	STATE CONTRACT NUMBER	GRANT PERIOD	AGREEMENT NUMBER	AWARD	FUNDS RECEIVED	FUNDS EXPENDED
New Jersey Department of Transportation - Rail Freight Assistance Program Enhancing Rail Service to SJPC Marine Terminal	13-35082	5/12/15 - 5/11/20	2205631	$10,000,000	$4,253,933	4,253,933
			Total		$4,253,933	4,253,933

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

SOUTH JERSEY PORT CORPORATION
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. General

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

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

4. Relationship to Federal and State Financial Reports

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

SOUTH JERSEY PORT CORPORATION
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMNBER 31, 2015

Section 1— Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.933	National Infrastructure Investments

Dollar threshold used to distinguish between Type A Programs:	$750,000
Auditee qualified as low-risk auditee?	No

SOUTH JERSEY PORT CORPORATION
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

State Awards

Dollar threshold used to distinguish between type A Type Programs:	$ 750,000
Auditee qualified as low-risk auditee?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04 OMB	No

Identification of major programs:

GMIS Number(s)	Name of State Program
N/A	Enhancing Rail Service to SJPC Marine Terminals

Section II — Financial Statement Findings

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

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

Section III — Federal Awards & Questioned Costs

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

No compliance or internal control findings noted are required to be reported in accordance with OMB Circular A-133.

SOUTH JERSEY PORT CORPORATION
(COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Summary of Prior Year Findings

Not Applicable

SOUTH JERSEY PORT CORPORATION
2015 FINANCIAL REPORT

South Jersey Port Corporation

SJPC

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