DIAMOND STATE PORT CORPORATION

FINANCIAL STATEMENT AUDIT
FISCAL YEAR ENDED JUNE 30, 2024

DIAMOND STATE PORT CORPORATION

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2024

BACKGROUND

The Office of Auditor of Accounts presents a financial statement audit of the Diamond State Port Corporation (DSPC). This audit was conducted for Fiscal Year ended June 30, 2024. The primary objective of a financial statement audit is to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position of an entity.

The DSPC is a separate entity that is reported as part of the State's overall financial statements. DSPC serves the State by operating the Port of Wilmington, which is a full-service deep-water port and terminal.

This engagement was conducted in accordance with 29 Del. C. §2906 and 29 Del. C. §8786.

KEY INFORMATION AND FINDINGS

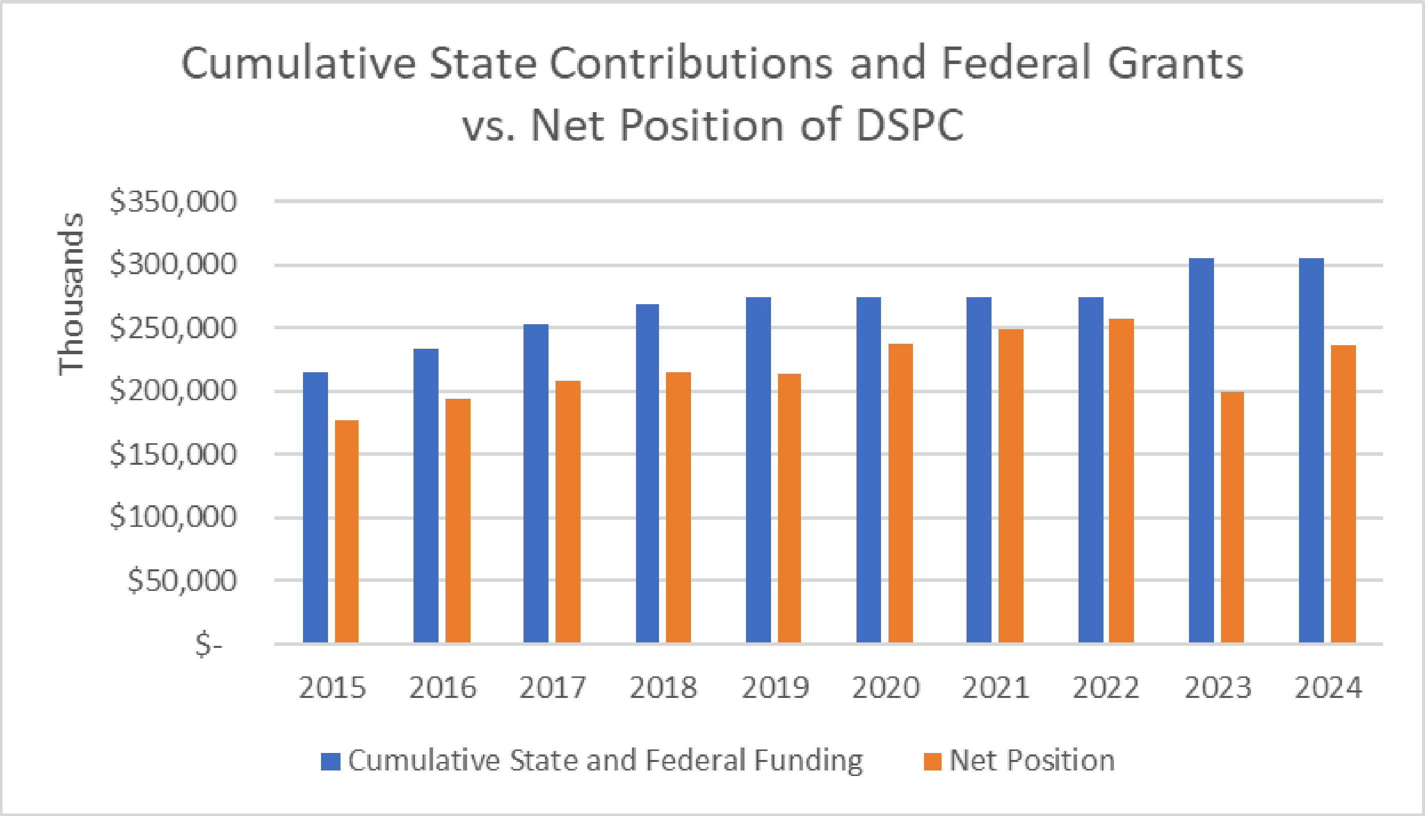
The 2024 financial statements of Diamond State Port Corporation (DSPC) reflect the concession agreement as it currently exists between DSPC and Enstructure. The concession agreement has always been accounted for as a leveraged lease in DSPC reports. The 2024 report reflects the Third Amendment to the concession agreement (Third Amendment) that was entered into in July 2023. The amended agreement is for 50 years, a period that began in the fiscal year 2024. In FY2024, Enstructure remitted a $21.5 million contribution per terms of the amended concession agreement.

On November 30, 2001, the Corporation entered into a loan agreement with DelDOT. The Corporation borrowed $27,500,000. The funds were used to repay the balances in full of the original DRBA Note and the Wilmington Trust Company Note, and, at a discount, the City of Wilmington Deferred Payment Note. On February 20, 2024, House Bill 305 passed the Delaware Senate authorizing and directing the Secretary of Transportation "...to cancel any notes and forego all amounts owed under the loan agreement including any outstanding principal and accrued or capitalized interest then payable as of such date of cancellation..." As a result, the Corporation recognized a gain of $16.5 million due to the forgiveness of the loan and interest.

During the first year of the agreement, the Corporation entered into a Reimbursement of Approved Projects Agreement with Enstructure to provide funding for critical deferred maintenance and improvements. The agreement provides $8,800,000 of funding for approved projects that address infrastructure, equipment and safety issues. As of June 30, 2024, the Corporation accrued a liability of $6,203,387, of which $4,374,702 was for capital improvements and $1,828,685 was for repairs and maintenance, which was recognized. The remaining $2,596,613 of funding for approved projects is expected to be due and payable in FY2025.

KEY INFORMATION & FINDINGS CONT.

Since its inception in Fiscal Year 1995 through Fiscal Year 2024, the Corporation has received capital contributions from State and Federal grants totaling $305.6 million. The Corporation's net position (assets + deferred outflows of resources – liabilities – deferred inflows of resources) as of June 30, 2024, was $236.9 million. For the past 10 years, the accumulation of State and Federal Funding exceeded net position of DSPC. In fiscal years 2021 and 2022, DSPC did not receive any contributions from the State. However, in FY 2023, DSPC incurred a loss of $97.3 million from the original concession agreement due to the change in leveraged lease operators from Gulftainer to Enstructure. DSPC received a contribution of $29.9 million from the State to assist in funding the FY2023 loss.



Since its inception in FY 1995 through FY 2024, DSPC has received $305.6 Million in capital contributions from State and Federal grants . Without State and Federal grants, DSPC would have needed to secure debt financing to operate.

KEY INFORMATION & FINDINGS CONT.

The financial statements are reported fairly, in all material respects, regarding 2024 results, however there are two areas that remain of concern with this report:

1. Best Practices in Financial Reporting under Government Accounting Standards encourage, but do not require, governmental entities to show comparative financial statements of its operations. Comparative statements allow readers to see the results of operations in a trend-like capacity. DSPC continues to utilize a single year presentation of its financial statements as it navigates the new agreement with Enstructure, which just completed Year 1 of 50 as of June 30, 2024, but DSPC is considered as a leveraged lease operator since October 2018, so comparative presentations could have been produced based on the information that was available.

2. Government Accounting Standards require financial statements of a government entity to include a Management Discussion and Analysis (MD&A) section. This section would include the comments of management concerning the results presented from the prior years to the current year. Since a single year presentation was illustrated in the financial statements (per comment 1 of this section), the MD&A highlights DSPC's most significant financial activities during FY2023 and FY2024. When DSPC illustrates comparative financial statements for future fiscal years, DSPC management should provide comment on the most significant financial activities of the current and prior two fiscal years.

Gunnip & company LLP
Certified Public Accountants and Consultants

State of Delaware
Diamond State Port Corporation
(A Component Unit of the State of Delaware)

Financial Statements

Year Ended June 30, 2024

State of Delaware
Diamond State Port Corporation
Year Ended June 30, 2024

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Certified Public Accountants and Consultants

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Independent Auditors' Report

Board of Directors
Diamond State Port Corporation
Wilmington, Delaware

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Diamond State Port Corporation (the Corporation), as of and for the Fiscal Year Ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2024 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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.

December 5, 2024
Wilmington, Delaware

Gunnip & Company LLP

The Diamond State Port Corporation ("DSPC" or "the Corporation") is a public instrumentality of the State of Delaware pursuant to 29 Del.C, Chapter 87, Subchapter II. Its purpose is to own, preserve, and exercise functions in connection with the development of the Port of Wilmington and related facilities, including without limitation marine terminal facilities, which are deemed and held to be essential government functions of the State.

Prior to October 2018, the Corporation was responsible for all operations of the Port of Wilmington. Since October of 2018 the Corporation has operated as a landlord owner of the Port of Wilmington. At that time DSPC entered into a long-term agreement under which responsibility for all operations was ceded to a private firm, including employees, operating assets, etc. Real property and other fixed assets still owned by DSPC are leased to the concessionaire. Although the agreement is referred to as a "concession," it does not meet the definition of a concession agreement by Governmental Accounting Standards. Rather, under the Standards, it is required to be accounted for as a lease.

Under the agreement, DSPC and the concessionaire can pursue expansion of the Port of Wilmington to an additional site, the former site of DuPont's Edgemoor plant ("Edgemoor Site"). This property was purchased by DSPC in 2017. Since that time, DSPC has continued to make considerable investment in the necessary federal, state, and local regulatory approvals to develop both land- and water-side improvements at the Edgemoor Site. Most regulatory approvals have been secured (see Note 13 - Subsequent Events). This activity has driven the growth of Capital Assets, funded by a combination of grant monies and operating funds.

In July of 2023, the initial concessionaire was replaced by the current concessionaire, Enstructure Wilmington Holdings ("Enstructure"), by way of an amendment to the 2018 Concession Agreement. The Amended Concession Agreement provides for:

- Enstructure assuming day-to-day operations of the Port of Wilmington
- Enstructure having the option to join with DSPC in developing the Edgemoor Site
- Enstructure being the operator of the Edgemoor Site facility, once built.

Net Position

The DSPC's net position has increased $36.4 million from 2023 to 2024. The increase is mainly due to the receipt of a one-time cash payment from Enstructure under the Amended Concession Agreement, and the cancellation of the note payable by the Delaware Department of Transportation.

	2024	2023
Current assets	$ 20,866,988	$ 1,362,296
Restricted assets	279,015	294,354
Noncurrent assets	233,304,220	227,760,092
Total assets	254,450,223	229,416,742
Deferred outflows of resources	1,595,328	903,512
Current liabilities	6,702,840	859,346
Non-current liabilities	-	16,343,514
Total liabilities	6,702,840	17,202,860
Deferred inflows of resources	12,488,251	12,699,266
Net position	$ 236,854,460	$ 200,418,128

Change in Net Assets

In anticipation of Enstructure's arrival in July of 2023, the re-valuation of DSPC's assets at June 30, 2023 culminated in a one-time write down of $97 million. This reflected the market-driven value of assets based on open market bids, including Enstructure's which was being negotiated at June 30, 2023. The write down of assets reflected non-cash lease accounting differences between the original concession fees (as set forth in 2018) that had been based on long-term projected cargo volumes at the Port of Wilmington and Edgemoor versus the 2024 Amendment to the Concession Agreement wherein concession fee estimates are based solely for the Port of Wilmington. Therefore, the commencement of the Amended Concession Agreement during FY 2024 did not result in additional material re-valuation of assets.

	2024	2023
Operating revenue	$ 1,446,640	$ (84,944,833)
Operating expenses	(1,523,934)	(918,227)
Operating income	(77,294)	(85,863,060)
Capital contributions	565,339	29,915,646
Nonoperating income (expenses)	35,948,287	(1,689,409)
Change in net position	$ 36,436,332	$ (57,636,823)

Revenues

Under the Amended Concession Agreement, DSPC's Operating revenues are driven by (i) non-cash lease revenue and interest income, and (ii) cash revenue from concession fees, initially $1 million per year, but subject to future adjustments.

DSPC's Nonoperating revenues were driven by a one-time cash payment by Enstructure of $21.5 million (the "Initial Second Amendment Payment" or "ISAP"). A favorable short-term interest rate environment allowed DSPC to generate $955 thousand in interest earnings on its cash balances. Cancellation of the $16.4 million note payable by the Delaware Department of Transportation further contributed to the increase in Nonoperating income in 2024 vs. 2023.

On an ongoing basis, concession fees at the Port of Wilmington and non-cash revenue will drive DSPC's Operating revenues, until the Edgemoor facility becomes operational. There is no contemplation of generating additional Operating revenues from any other source.

Expenses

Operating expenses increased in 2024 from 2023 due to numerous significant factors, primarily legal and consulting fees associated with the Amended Concession Agreement and development of a Joint Development Agreement for the Edgemoor site. In 2024 the Corporation was notified by the Internal Revenue Service of deficiencies in certain reporting related to FYs 2017 and 2018, resulting in a one-time payment of $342 thousand. Management chose to pay this amount to forego continued accrual of penalties but did so under protest and has notified the Internal Revenue Service that it is researching the reporting in question.

During FY 2024, the Corporation incurred non-routine expenses for deferred repairs expenditures and maintenance and cleanup costs at the Edgemoor site, totaling $2.87 million. These costs were incurred to restore the Corporation's property to a better operating condition after the prior lessee deferred these repair and maintenance activities.

Requests for Information

This financial report is designed to provide a general overview of the DSPC's finances for all those with an interest in the DSPC's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, Diamond State Port Corporation, P.O. Box 8600, Wilmington, DE 19899.

Financial Statements

Diamond State Port Corporation
Statement of Net Position
June 30, 2024

Current assets	
Cash and investments	$ 20,529,831
Interest receivable	85,766
Accounts receivable	251,391
Total current assets	20,866,988
Restricted assets	
Cash and cash equivalents	279,015
Noncurrent assets	
Deposit with U.S. Army Corps of Engineers	21,050,000
Interest receivable - lessee	316,107
Lease receivable - lessee, net	12,699,266
Note receivable - lessee, net	5,814,795
Net pension asset	779,512
Capital assets - nondepreciable	46,635,242
Capital assets - depreciable, net	146,009,298
Total capital assets, net	192,644,540
Total noncurrent assets	233,304,220
Total assets	254,450,223
Deferred outflows of resources	
Pension plan experience differences	127,158
Pension plan investment return differences	1,468,170
Total deferred outflows of resources	$ 1,595,328

See notes to the financial statements.

Diamond State Port Corporation

Statement of Net Position - Continued

June 30, 2024

Current liabilities		
Accounts payable and accrued expenses	$	1,932,877
Accrued expenses - capital		4,490,948
Deferred revenue		279,015
Total current liabilities		6,702,840
Total liabilities		6,702,840
Deferred inflows of resources		
Lease receivable		12,488,251
Total deferred inflows of resources		12,488,251
Net position		
Net investment in capital assets		188,153,592
Unrestricted		48,700,868
Total net position	$	236,854,460

See notes to the financial statements.

Diamond State Port Corporation
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024

Operating revenues		
Lease revenue from amended concession agreement	$	213,867
Interest income from amended concession agreement		1,232,773
Total operating revenues		1,446,640
Operating expenses (credit)		
Pension expense adjustment		(684,494)
Contractual services and other expenses		2,208,428
Total operating expenses		1,523,934
Operating loss		(77,294)
Capital contributions		
Capital grant		565,339
Nonoperating income (expenses)		
Contribution from new lessee for amended concession agreement		21,500,000
Gain on debt forgiveness		16,483,003
Interest income		955,031
Interest expense		(123,638)
Clean up and disposal of tires from Edgemoor site		(1,037,424)
Deferred repair and maintenance expenditures		(1,828,685)
Net nonoperating income		35,948,287
Changes in net position		36,436,332
Net position, beginning of year		200,418,128
Net position, end of year	$	236,854,460

See notes to the financial statements.

Diamond State Port Corporation
Statement of Cash Flows
Year Ended June 30, 2024

Cash flows used in operating activities	
Cash received from lessee	$ 668,127
Cash payments to suppliers for goods and services	(2,193,419)
Net cash flows used in operating activities	(1,525,292)
Cash flows provided by nonoperating activities	
Contribution from new lessee for amended concession agreement	21,500,000
Clean up and disposal of tires from Edgemoor site	(1,037,424)
Net cash flows provided by nonoperating activities	20,462,576
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(1,395,853)
Capital grant	750,000
Net cash flows used in capital and related financing activities	(645,853)
Cash flows from investing activities	
Interest received	869,265
Net cash flows from investing activities	869,265
Changes in cash and cash equivalents	19,160,696
Cash and cash equivalents, beginning of year	1,648,150
Cash and cash equivalents, end of year	$ 20,808,846
Supplemental schedule non-cash disclosure	
Gain on loan forgiveness	$ 16,483,003
Accrual for acquisition and construction of capital assets	$ 3,839,490
Deferred repair and maintenance expenditures	$ 1,828,685

See notes to the financial statements.

Diamond State Port Corporation
Statement of Cash Flows - Continued
Year Ended June 30, 2024

Reconciliation of operating income to net cash used in operating activities		
Operating loss	$	(77,294)
Adjustments to reconcile operating loss used in operating activities		
Recognition of lease revenue from deferred lease receivable		(211,015)
Pension expense adjustment		(684,494)
(Increase) decrease in assets		
Accounts receivable		(251,391)
Lease and note interest receivable		(316,107)
Advances		8,500
Increase in liabilities		
Accounts payable related to operating activities		6,509
Net cash used in operating activities	$	(1,525,292)

See notes to the financial statements.

Note 1 - Organization

The Diamond State Port Corporation (the Corporation) was created on August 3, 1995, in accordance with the provisions of Section 24(1) of Senate Bill 260 enacted by the 138th General Assembly of the State of Delaware (the State). The Corporation is a public instrumentality of the State exercising essential government functions necessary in connection with the acquisition, establishment, construction, rehabilitation, improvement, operation, and maintenance of the Port of Wilmington (the Port) and related facilities. The Port was acquired by the Corporation on September 1, 1995. The Corporation is empowered without limitation, and notwithstanding any other laws, to adopt bylaws and rules and regulations to govern the conduct of its affairs and carry out and discharge its powers, duties, and functions, to sue and be sued, and to enter into contracts and agreements. The Corporation does not have power to tax, to issue bonds, to exercise the power of eminent domain, or to pledge the credit or create any debt or liability of the State.

Effective October 3, 2018, the Corporation and GT USA Wilmington, LLC (GT) entered into a Concession Agreement (Agreement) to transfer the right to commercially operate the Port of Wilmington to GT with the Corporation becoming a landlord with certain oversight and consent rights. The term of the Agreement was 50 years (see Note 3).

Effective July 28, 2023, the Corporation amended the Agreement to transfer the Agreement from GT to Enstructure Wilmington Holdings, LLC (Agreement with Enstructure). The amended Agreement with Enstructure extended the term through 2078 (60 years in total) and amended certain other provisions (see Note 3).

Note 2 - Summary of Significant Accounting Policies

(a) Measurement Focus and Basis of Accounting

The Corporation (the reporting entity) is a discretely presented component unit of the State. The Corporation's activities are financed and operated as an enterprise fund such that costs and expenses of providing services are recovered primarily through user charges.

The accompanying financial statements of the Corporation have been prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) applicable to governmental entities as prescribed by Governmental Accounting Standards Board (GASB). Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

Operating revenues and expenses generally result from leasing in connection with the Corporation's ongoing operations. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are recorded as nonoperating income and expenses.

When an expense is incurred that can be paid using either restricted or unrestricted resources, it is the Corporation's policy to first apply the expense towards restricted resources and then towards unrestricted resources.

Note 2 - Summary of Significant Accounting Policies - Continued

(b) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Corporation considers short-term investments with an original maturity of three months or less to be cash equivalents.

(c) Accounts Receivable

Accounts receivable are shown net of an allowance for doubtful accounts, which was $0 as of June 30, 2024.

(d) Restricted Assets

Any restricted investments are stated at fair value.

(e) Capital Assets

The assets originally acquired by the Corporation in 1995 were recorded based on estimated fair values. Non-depreciable assets consist of the estimated fair value of land, which was determined based on an independent appraisal and construction-in-progress. The fair values of all other assets acquired were estimated to be the book value of those assets at the date of acquisition. Generally, additions and improvements in excess of $3,000 are capitalized; however, the decision to determine the remaining useful life is made on a case-by-case basis.

Depreciation is generally recorded using the straight-line method and half-year convention over the following estimated useful lives:

Asset	Years
Improvements (all categories)	20-30
Buildings and warehouses	30-75
Docks, wharves, and rail	50-60
Equipment and cranes	6-40
Streets and water utilities	20-40
Vehicles and other	6

With the adoption of the Agreement on October 3, 2018, the Corporation sold all equipment, cranes, vehicles and other assets. Except for construction in progress, the remaining capital assets and land are leased. Under the Agreement, the original leased assets along with any additional acquisitions or improvements are to be returned to the Corporation in equal or better condition at the end of the Agreement. Therefore, no depreciation will be recorded on the remaining assets of the Corporation.

Note 2 - Summary of Significant Accounting Policies – Continued

(f) Revenues

The significant sources of operating revenue are:

Lease Revenue - Represents rentals recognized under the terms of the Agreement for the use of all land, buildings, and infrastructure at the Port (See Note 3).

Interest Income - Represents interest recognized under the terms of the lease and note receivable balances from the Agreements (See Note 3).

The significant source of nonoperating revenue is:

Contribution for amended concession agreement - Represents revenue recognized under the terms of the Agreement with Enstructure as an initial contribution for signing the Agreement. (See Note 3).

(g) Capital Contributions

Capital contributions arise from State and federal grants, generally restricted by the contributors to capital acquisition and construction. Most capital grants and contributions are in the form of cash, which is then used to purchase capital assets, pay debt service, or fund other approved uses. In Fiscal Year 2023, the Corporation was awarded an American Rescue Plan Act grant by the State of Delaware to finance the early engineering and early construction of a new container port in Edgemoor, Delaware. Additionally, as in past years where the Corporation has provided direct financial assistance to the port operator, the Corporation provided early works construction funding of $565,339 to Enstructure during Fiscal Year 2024.

(h) Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2024, a deferred outflow of resources is reported for the difference between expected and actual pension plan experience. The difference is amortized over a one to seven-year period and is recognized as a component of pension expense.

As of June 30, 2024, a deferred outflow of resources is reported for the difference between projected and actual investment earnings on pension plan investments. The difference is amortized over a five-year period and is recognized as a component of pension expense.

As of June 30, 2024, a deferred inflow of resources is reported equal to the present value of future lease payments under the Agreement dated October 3, 2018 and subsequently remeasured on July 28, 2023. The deferred inflow is recognized as revenue in a systemic manner over the term of the Agreement with Enstructure.

(i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Note 3 - Concession Agreement and Corresponding Lease and Notes Receivable

Effective October 3, 2018, and amended February 10, 2020, the Corporation and GT entered into an Agreement to transfer to GT the right to commercially operate the Port of Wilmington with the Corporation becoming a landlord with certain oversight and consent rights. The term of the Agreement is referred to as a "concession," however, it does not meet the requirements of a concession arrangement under GASB Statement No. 60 - *Accounting and Financial Reporting for Service Concession Arrangements*. Based on the criteria under GASB Statement No. 60, it is required to be accounted for as a lease. Accordingly, the Corporation is recognizing the lease in accordance with GASB Statement No. 87 - *Leases*, which the Corporation adopted early in fiscal 2019. Effective July 1, 2022, the Corporation implemented the requirements of GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.*

In return for the right to commercially operate the Port, the Agreement required GT to invest $580 million to redevelop the existing Port facilities and establish new Port facilities at Edgemoor and to pay the Corporation a concession fee. In return for the concession fee, the Corporation sold to GT its cranes, tools, vehicles, cargo handling equipment, furniture, furnishings, computers, telephones, telephone numbers, office supplies, software and other intellectual property and all other equipment and parts used in operations at the Port. Also, the Corporation leased to GT all of the land located at the existing Port and Edgemoor that is owned by the Corporation, together with all improvements, including all buildings, structures, piers, wharves, and utility infrastructure owned by the Corporation and all of the Corporation's easement rights.

The Agreement required GT to pay a minimum concession fee of $3,000,000 per year for the first 10 years of the term, $13,100,000 for the eleventh year, and up to $12,017,560 per year during the remaining 39 years. The minimum concession fee is based on volume of services provided by GT. The minimum concession fee was to be adjusted every third year based on the change in consumer price index. Effective February 10, 2020, the per unit concession fee was reduced 50% for the first 10 years of the Agreement. The Corporation received a fee of $13,406,665 from GT as fee for the amendment to the Agreement.

In accordance with GASB Statement No. 87, the initially recognized lease and note receivable balances excluded any concession fees due for services that exceeded the minimum embodied in the Agreement or the change in the consumer price index.

Upon the inception and subsequent 2020 amendment of the Agreement, for the assets leased, the Corporation recognized a lease receivable and deferred inflow of resources of $119,762,395, which is equal to the present value of the fixed payment stream. The present value was calculated using a discount rate of 4.2%, in accordance with the requirements of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. The Agreement requires the assets to be returned to the Corporation in a condition necessary for ongoing operations during the five years prior to the termination date.

Similarly, upon the inception and subsequent 2020 amendment of the Agreement, for the assets sold, the Corporation recognized a note receivable of $54,837,330 which was equal to the present value using the same discount rate of 4.2%.

Note 3 - Concession Agreement and Corresponding Lease and Notes Receivable - Continued

Effective July 28, 2023, the Corporation executed a second amendment to the Agreement (Agreement with Enstructure). In conjunction with the second amendment and related agreements, GT transferred its interest in the Agreement to Enstructure Wilmington Holdings, LLC (Enstructure) and the Corporation granted GT a full release for all amounts due over the remaining 46 years of the Agreement. The Agreement with Enstructure extends the Agreement through October 1, 2078.

In return for the right to commercially operate the Port, the Agreement with Enstructure requires Enstructure to invest $87 million to redevelop the existing Port facilities and to pay the Corporation a concession fee. Enstructure and the Corporation have agreed to collaborate on the development of the new Port facilities at Edgemoor. The Agreement with Enstructure will be amended, or another concession agreement will be executed when the new Port facilities at Edgemoor become operational.

Enstructure assumed the cranes, tools, vehicles, cargo handling equipment, furniture, furnishings, computers, telephones, telephone numbers, office supplies, software and other intellectual property and all other equipment and parts used in operations at the Port that were conveyed to GT at the start of the Agreement. Also, the Corporation will lease to Enstructure the land located at the existing Port. Enstructure is also allowed to utilize the land located at Edgemoor that is owned by the Corporation, together with all improvements, including all buildings, structures, piers, wharves, and utility infrastructure owned by the Corporation and all of the Corporation's easement rights.

The Agreement with Enstructure requires Enstructure to pay a minimum concession fee of $1,000,000 per year for the first seven years of the term and a minimum of $1,500,000 during the remaining 48 years. The minimum concession fee is adjusted annually based on the change in consumer price index.

Upon execution of the Agreement with Enstructure, Enstructure made an initial contribution of $21,500,000 which will be allocated and utilized at the Corporation's discretion. The Corporation also received an option to acquire real property adjacent to the Edgemoor property from Enstructure. At the time the report was issued, the Corporation had not exercised this option.

In accordance with GASB 87, the corporation remeasured the Agreement effective July 28, 2023, for the assets leased, the Corporation recognized a lease receivable and deferred inflow of resources of $12,699,266, which is equal to the present value of the fixed payment stream. The present value was calculated using a discount rate of 6.8%, in accordance with the requirements of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. The Agreement requires the assets to be returned to the Corporation in a condition necessary for ongoing operations during the five years prior to the termination date. During Fiscal Year 2024, the Corporation recognized lease revenue and interest income on the lease receivable from the Agreement with Enstructure of $213,867 and $845,590, respectively.

In accordance with GASB 87, the corporation remeasured the Agreement effective July 28, 2023, for the assets sold, the Corporation recognized a note receivable of $5,814,795 which is equal to the present value using the same discount rate of 6.8%. During Fiscal Year 2024, the Corporation recognized interest income on the note receivable from the Agreement with Enstructure of $387,183.

The Agreement with Enstructure resulted in a loss of $97,315,270, recognized as of June 30, 2023, was based on the present value of the difference between the future payments expected to be received over the remaining 55-year period.

Note 3 - Concession Agreement and Corresponding Lease and Notes Receivable - Continued

Future minimum concession fees under the terms of the Agreement are as follows as of June 30:

	Lease Receivable			Note Receivable			Total
	Principal Receivable	Interest	Minimum Concession Fee	Principal Receivable	Interest	Minimum Concession Fee	Minimum Concession Fee
2025	$ -	$ 685,925	$ 685,925	$ -	$ 314,075	$ 314,075	$ 1,000,000
2026	-	685,925	685,925	-	314,075	314,075	1,000,000
2027	-	685,925	685,925	-	314,075	314,075	1,000,000
2028	-	685,925	685,925	-	314,075	314,075	1,000,000
2029	-	685,925	685,925	-	314,075	314,075	1,000,000
2030 - 2034	-	4,629,997	4,629,997	-	2,120,003	2,120,003	6,750,000
2035 - 2039	-	5,144,441	5,144,441	-	2,355,559	2,355,559	7,500,000
2040 - 2044	-	5,144,441	5,144,441	-	2,355,559	2,355,559	7,500,000
2045 - 2049	259,632	4,884,809	5,144,441	118,881	2,236,678	2,355,559	7,500,000
2050 - 2054	747,237	4,397,204	5,144,441	342,148	2,013,411	2,355,559	7,500,000
2055 - 2059	1,070,969	4,073,472	5,144,441	490,380	1,865,179	2,355,559	7,500,000
2060 - 2064	1,534,954	3,609,487	5,144,441	702,832	1,652,727	2,355,559	7,500,000
2065 - 2069	2,199,955	2,944,486	5,144,441	1,007,325	1,348,234	2,355,559	7,500,000
2070 - 2074	3,153,061	1,991,380	5,144,441	1,443,738	911,821	2,355,559	7,500,000
2075 - 2079	3,733,458	639,317	4,372,775	1,709,491	292,734	2,002,225	6,375,000
	$ 12,699,266	$ 40,888,659	$ 53,587,925	$ 5,814,795	$ 18,722,280	$ 24,537,075	$ 78,125,000

Note 4 - Cash and Investments

Cash Management Policy Board

The Corporation follows the *Statement of Objectives and Guidelines* for the Investment of State of Delaware Funds (the Policy) of the State's Cash Management Policy Board (the Board). The Board, created by State law, establishes policies for investment of all money belonging to the State or on deposit from its political subdivisions, other than money deposited in any State Pension Fund or the State Deferred Compensation Program and to determine the terms, conditions, and other matters relating to those investments, including the designation of permissible investments (29 Del. c. § 2716(a)). By law, all deposits and investments belonging to the State are under the control of the State Treasurer in various pooled investment funds (State Investment Pool) except for those that, by specific authority, are under the control of other agencies or component units, as determined by the Board.

As mandated by State statutes, the State's funds shall be invested pursuant to the prudent person standard as defined in the Policy. The prudent person standard allows the Board to establish investment policies based on investment criteria that it defines, and it allows the Board to delegate investment authority to investment professionals. This standard of care not only permits, but also encourages, diversifying investments across various asset classes.

Note 4 - Cash and Investments - Continued

Investment Guidelines and Management

The Policy requires State funds to be allocated and held in the following categories of accounts:

- Collection and disbursement accounts
- Liquidity accounts
- Reserve accounts
- Endowment accounts
- Operating accounts

The Corporation's accounts are considered operating accounts. State agencies and other public authorities maintain various operating accounts with the intent of segregating such funds for accounting and reporting purposes. In addition, operating accounts may be created to meet particular purposes and/or to comply with State statutes, bond trust agreements, and/or federal guidelines. The investment objectives of such funds are to ensure safety and maximize return while providing for the liquidity requirements specifically identifiable to the use of such funds.

The Policy specifies the type of investments that investment managers can make, the maximum percentage of assets that may be invested in particular instruments, the minimum credit quality of these investments, and the maximum length of time the assets can be invested.

The following investments are permissible for operating accounts, subject to the percentage limitations of the account:

- U.S. Treasury obligations
- U.S. government agency obligations
- Certificates of deposit and time deposits
- Corporate debt instruments
- Repurchase agreements
- Money market funds
- Canadian treasury bills
- Canadian agency securities
- Mortgage-backed and asset-backed securities
- Municipal obligations

The State's Policy is available on the Office of the State Treasurer's website at http://treasury.delaware.gov.

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the deposits or collateral securities may not be recovered from an outside party.

Note 4 - Cash and Investments - Continued

Custodial Credit Risk - Continued

All deposits are required by law to be collateralized by direct obligations of, or obligations which are guaranteed by, the United States of America, or other suitable obligations as determined by the Board. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the value of the investment or collateral securities that are in the possession of an outside party may not be recovered. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name.

As of June 30, 2024, the Corporation's cash sweep investment of $20,527,831 was invested in a U.S. Government Money Market Fund held in the Corporation's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the value of an investment. The Policy provides that maximum maturity for investments in Corporation accounts, at the time of purchase, shall not exceed ten years, except when it is prudent to match a specific investment instrument with a known specific future liability, in which case the maturity limitation shall match the maturity of the corresponding liability.

Fair Value Measurements

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Corporation did not hold any long-term investments at June 30, 2024.

As of June 30, 2024, the Corporation's cash sweep investment of $20,527,831 was invested in a U.S. Government Money Market Fund. The underlying investments have a maturity of less than 90 days.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Corporation follows the Policy by investing only in authorized securities. The Corporation's general investment policy for credit risk is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments.

The Policy requires that investments in:

- Certificates of deposit and time deposits be with a banking institution with assets of not less than $100 billion, that is rated not lower than A1/P-1/F1 short term by at least two rating agencies;

Note 4 - Cash and Investments - Continued

Credit Risk - Continued

- Money market funds be invested solely in government securities, which are rated in the highest rating category by at least one rating agency;
- Asset-backed securities have the highest credit rating from at least two rating agencies; and
- Corporate debt instruments must be rated by Standard and Poor's Ratings Services (S&P) and/or Moody's Investor Service (Moody's) and/or Fitch Ratings (Fitch) as follows:

Investment	S&P	Moody's	Fitch
Commercial paper	A-2	P-2	F2
Senior long-term debt	A-	A3	A-*
Corporate bonds and debentures	A-	A3	A-

*Excluding asset-backed commercial paper that is rated A1 or better.

As of June 30, 2024, the Corporation's cash sweep investment was invested in a U.S. Government Money Market Fund that is only invested in highly rated government securities.

Investments in Excess of 5%

Concentration of credit risk is the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer (5% or more of total investments). When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure.

The Policy provides that the purchase of securities cannot exceed the following percentage of account limitations, valued at market.

A. U.S. Treasury obligations - no restrictions.

B. U.S. government agency obligations - 50% in total; 20% in any one issuer.

C. Certificates of deposit and time deposits - 50% in total (domestic and nondomestic combined); 25% in all nondomestic banking institutions; 5% in any one issuer.

D. Corporate debt instruments - 50% in total; 25% in all nondomestic corporations; 25% in any one industry; 5% in any one issuer.

E. Repurchase agreements - 50% in total; provided that any securities purchased subject to repurchase agreements shall be subject to the respective Percentage Limit for such security type as set forth in the Policy and valued for such purposes at the lesser of fair market value and 102% of the maturity value of the securities pursuant to the repurchase agreement and marked-to-the-market daily as requested by the investment manager.

Note 4 - Cash and Investments - Continued

Investments in Excess of 5% - Continued

F. Money market funds - no restrictions.

G. Canadian treasuries - 25% in total.

H. Canadian agency securities - 25% in total; 10% in any one agency.

I. Mortgage-backed and asset-backed securities - 10% in total.

For the purpose of calculating the various Policy restrictions, the Corporation considers the total investment portfolio, which includes cash and cash equivalents, while calculating the percentage of individual investments.

As of June 30, 2024, the Corporation held its cash sweep investment in a U.S. Government Money Market Fund.

Cash and Investments

Cash and investments, as reported on the Statement of Net Position, is under the control of the Corporation. The Corporation invests the deposited cash, including the cash float, in short-term securities and other investments. The Corporation maintains substantially all of its cash and cash equivalent accounts with one financial institution. Deposits are insured up to $250,000. The Corporation has never experienced any losses related to these balances.

Note 5 - Restricted Assets

Restricted assets consisted of $279,015 of cash equivalents restricted for capital improvements June 30, 2024.

Note 6 - Capital Assets

Property and equipment activity during Fiscal Year 2024 consisted of the following:

	June 30, 2023	Additions	Sales and Retirements	June 30, 2024
Capital assets - nondepreciable				
Land	$ 36,484,007	$ -	$ -	$ 36,484,007
Construction in progress	9,290,594	860,641	-	10,151,235
Total capital assets - Nondepreciable	$ 45,774,601	$ 860,641	$ -	$ 46,635,242
Capital assets - depreciable				
Land improvements	$ 21,919,335	$ -	$ -	$ 21,919,335
Buildings and warehouses	100,999,459	3,410,509	-	104,409,968
Docks, wharves, and rail	87,599,450	-	-	87,599,450
Streets and water utilities	6,032,486	964,193	-	6,996,679
Other	2,932,255	-	-	2,932,255
Total capital assets - depreciable	219,482,985	4,374,702	-	223,857,687
Less: accumulated depreciation				
Land improvements	10,806,728	-	-	10,806,728
Buildings and warehouses	38,488,904	-	-	38,488,904
Docks, wharves, and rail	21,890,507	-	-	21,890,507
Streets and water utilities	4,529,765	-	-	4,529,765
Other	2,132,485	-	-	2,132,485
Total accumulated depreciation	77,848,389	-	-	77,848,389
Total capital assets - depreciable, net	$ 141,634,596	$ 4,374,702	$ -	$ 146,009,298

The Corporation entered into a Reimbursement of Approved Projects Agreement with Enstructure to provide funding for critical deferred maintenance and improvements. The agreement was executed on July 23, 2024; however, the key terms were agreed upon in early Fiscal Year 2024. The agreement provides $8,800,000 of funding for approved projects that address infrastructure, equipment and safety issues. As of June 30, 2024, the Corporation accrued a liability of $6,203,387, of which $4,374,702 was for capital improvements and $1,828,685 was for repairs and maintenance, which was recognized.

Note 7 - Revolving Line of Credit

The Corporation has a $3,000,000 unsecured, revolving line of credit from M&T Bank, originally, at a rate of LIBOR plus 200 bps through May 11, 2023. Effective May 12, 2023, the line of credit rate was priced at 30-day Secured Overnight Financing Rate plus 2% and expires June 30, 2025. There was no outstanding balance as of June 30, 2024.

Note 8 - Note Payable

On November 30, 2001, the Corporation entered into a loan agreement with DelDOT. The Corporation borrowed $27,500,000. The funds were used to repay the balances in full of the original DRBA Note and the Wilmington Trust Company Note, and, at a discount, the City of Wilmington Deferred Payment Note.

On February 20, 2024, the Corporation entered into a cancellation agreement with DelDOT to forgive all notes and forego all amounts owed under the original loan agreement, including any outstanding principal, accrued interest and capitalized interest. The Corporation recognized a gain of $16,483,003 for the forgiveness of the loan, which included $139,489 of accrued interest through February 20, 2024. The interest rate was 1.18% during Fiscal Year 2024.

The following is a summary of debt transactions for the fiscal year ended June 30, 2024:

	Outstanding June 30, 2023	Issued and Other Increases	Forgiveness of Debt	Outstanding June 30, 2024
Transportation Trust Fund Note	$ 16,343,514	$ -	$ (16,343,514)	$ -

Interest charges were as follows for the fiscal year ended June 30, 2024:

	Accrued Interest June 30, 2023	Interest Expense Incurred	Forgiveness of Accrued Interest	Accrued Interest June 30, 2024
Transportation Trust Fund Note	$ 15,851	$ 123,638	$ (139,489)	$ -

Note 9 - Capital Contributions

Since its inception and for Fiscal Year 2024, the Corporation has received capital contributions from State and Federal grants as follows:

	Inception to June 30, 2023	Fiscal Year June 30, 2024	Inception to June 30, 2024
State of Delaware	$ 289,980,646	$ 565,339	$ 290,545,985
Federal	15,067,510	-	15,067,510
Total	$ 305,048,156	$ 565,339	$ 305,613,495

Note 10 - Pension Plan and Other Post-Retirement Employee Benefits

Plan Description - The Diamond State Port Corporation Pension Plan (the Plan) is a single-employer, defined benefit pension plan that covers all eligible employees of the Corporation.

Benefits - The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. A member may retire after completing five years of service and after reaching normal retirement age of 65. Benefits fully vest after five years of credited service. If an employee terminates his or her employment after at least five years of credited service but before normal retirement age, he or she may defer pension benefits until reaching retirement age. Employees who retire after reaching normal retirement age with at least five years of credited service are entitled to receive pension benefits equal to 1.75% of their final average monthly compensation multiplied by the years of credited service (not to exceed 30 years). Final average monthly compensation is the monthly average of the highest consecutive five years of compensation within the past ten years of employment.

Disability benefits are generally the same as pension benefits; however, employees must have 15 years of credited service, subject to certain limitations. Survivors' benefits are generally equal to 50% of the pension benefit the employee would have received at age 65 if at least 15 years of credited service are obtained.

Funding Policy - Contribution requirements are determined by the State Board of Pension Trustees principally based on an actuarially determined rate. Plan members are required to contribute 2% of their compensation. Interest is credited at the rate of 7% per year.

Freezing of Plan - Effective on the adoption of the Concession Agreement, October 3, 2018, the employees of the Corporation were offered positions by GT and the Plan was:

- Frozen, as to further employee contributions, and employees will be paid out pensions as provided for, under the Plan.
- Employees would be credited for a partial year as the last year of service.

As of June 30, 2024, the following former employees are still covered by the Plan:

Inactive members or beneficiaries	181
Terminated, vested members	102
	283

Note 10 - Pension Plan and Other Post-Retirement Employee Benefits - Continued

Net Pension Liability/(Asset) - The Corporation's net pension liability/(asset) for the fiscal year ended June 30, 2024, was determined by actuarial valuation as of June 30, 2022 rolled forward to the measurement date of June 30, 2023. There have been no changes between the measurement date of the net pension liability/(asset) and the employer's report date that are expected to have a significant effect on the net pension liability/(asset). The total pension liability/(asset) used to calculate net pension liability/(asset) was determined using the following actuarial assumptions as of June 30, 2023:

Inflation	2.50%
Investment rate of return	7.00%, including inflation

The actuarial assumptions used in the June 30, 2022, valuation were based on the recommendation of the actuary and adopted by the Plan's Board of Trustees based on the most recent review of the Plan's experience study completed in 2021 covering the period July 1, 2015 to June 30, 2020. For the June 30, 2023 measurement date, the Plan's mortality rates updated to the Pub-2010 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on RPEC-2020 mortality improvement scale on a fully generational projection.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected Plan investments, and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class are summarized in the following table for the year ended June 30, 2023:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.70%
International equity	5.70%
Fixed income	2.00%
Alternative investments	7.80%
Cash and equivalents	0.00%

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at a dollar amount determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 10 - Pension Plan and Other Post-Retirement Employee Benefits - Continued

Changes in the Corporation's Net Pension Liability/(Asset) - Changes in the Corporation's net pension liability/(asset) for the Fiscal Year 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/ (Asset)**
Balance, June 30, 2023	$ 34,388,661	$ 35,175,495	$ (786,834)
Changes for the year:			
Interest	2,274,331	-	2,274,331
Difference between expected and actual experience	(591,580)	-	(591,580)
Contributions - employer	-	-	-
Net investment income	-	1,702,905	(1,702,905)
Benefit payments, including refunds of employee contributions	(2,658,231)	(2,658,231)	-
Administrative expenses	-	(27,476)	27,476
Net changes	(975,480)	(982,802)	7,322
Balance, June 30, 2024	$ 33,413,181	$ 34,192,693	$ (779,512)

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate - The following presents the net pension liability/(asset) calculated using the discount rate of 7.00% as of **June 30, 2023**, the measurement date, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate	**Net Pension Liability/ (Asset)**
1% Decrease	6.00%	$ 2,495,876
Current discount rate	7.00%	(779,512)
1% Increase	8.00%	(3,563,227)

Expected and Actual Experience Differences - The difference between expected and actual experience with regard to economic and demographic factors is amortized over six years (updated from the previous measurement) for the measurement period through June 30, 2023. The first year of amortization is recognized as pension expense with the remaining years either a deferred outflow or deferred inflow. The collective amount of the unamortized difference between expected and actual experience was $127,158 (outflow) as of June 30, 2024.

Note 10 - Pension Plan and Other Post-Retirement Employee Benefits - Continued

Change in Assumptions - The change in assumptions about future economic or demographic factors or other inputs are amortized over seven years for the measurement period through June 30, 2024. The first year of amortization is recognized as pension expense with the remaining years either deferred outflow or deferred inflow. The collective amount of the unamortized change in assumptions was $0, as of June 30, 2024.

Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - The difference between the actual earnings on Plan investments compared to the Plan's expected rate of return of 7.0%, as of June 30, 2024, are amortized over a closed period of five years of which four years are remaining. The first year of amortization is recognized as pension expense with the remaining four years to be shown as deferred inflow of resources. The collective amount of the unamortized difference between projected and actual earnings was $1,468,170 (outflow), as of June 30, 2024.

Pension Expense and Deferred Outflows of Resources - For Fiscal Year 2024, the components of pension expense were as follows:

Interest	$	2,274,331
Administrative expense		27,476
Projected earnings on Plan investments		(2,369,875)
Amortization of pension plan experience		(559,576)
Amortization of investment return differences		(173,282)
Amortization of change in assumptions		116,432
Pension expense	$	(684,494)

As of June 30, 2024, the Corporation reported deferred outflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources
Pension plan experience differences	$	127,158
Pension plan investment return differences		1,468,170
Pension plan change in assumptions		-
Totals	$	1,595,328

Note 10 - Pension Plan and Other Post-Retirement Employee Benefits - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources - Continued

Amounts reported as deferred outflows of resources for pension contributions will be recognized as a reduction to the net pension liability/(asset) in the following fiscal year. Amounts reported as deferred outflows of resources for pension plan experience differences and deferred outflows of resources for pension plan investment return differences will be recognized in pension expense during the fiscal years ended June 30:

2025	$	(197,582)
2026		(163,960)
2027		1,823,476
2028		133,394
	$	1,595,328

Annual Pension Cost - The Corporation's pension expense for the year ended June 30, 2024 was $(684,494).

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The unfunded actuarial accrued liability is being amortized over a closed five-year period as a percentage of payroll. All payments are determined assuming the same dollar amount will be paid each of the five years of the amortization. This method was chosen to reflect the characteristics of a frozen plan.

The Schedule of Changes in Net Pension Liability and Related Ratios presented as Required Supplementary Information following the Notes to Financial Statements, presents multi-year trend information about whether the actuarial value of Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Delaware Public Employees' Retirement System, which administers the Plan, issues a publicly available financial report, including financial statements and required supplementary information. The report may be obtained by writing the State Board of Pension Trustees and Office of Pensions, McArdle Building, Suite #1, 860 Silver Lake Boulevard, Dover, Delaware 19904-2402, or by calling 1-800-722-7300.

Payable to the Plan - As of June 30, 2024, no contributions were due to the Plan.

Note 11 - Major Customers

Any customer that comprises 10% of the Corporation's total revenue during a Fiscal Year must be disclosed as a major customer. After the adoption of the Agreement, on October 3, 2018, the Corporation no longer works directly with customers. Revenues under the Agreement with Enstructure accounted for 100% of operating revenues in Fiscal Year 2024.

Note 12 - Commitments and Contingencies

Environmental Contingencies - Under the provisions of the Port of Wilmington Acquisition Agreement (Acquisition Agreement) dated September 1, 1995, the City retains responsibility for all liabilities under environmental laws that arise out of, or result from, any condition existing at the Port, on or before the agreement closing date, September 8, 1995.

On February 14, 2002, the Acquisition Agreement was amended, and in conjunction with the prepayment of the Port Deferred Payment Note, the Corporation agreed to assume responsibility for $2,000,000 of potential environmental liabilities. To date, no such liabilities have been identified.

Litigation and Claims - The Corporation is party to various claims and legal proceedings, which normally occur in port operations.

U.S. Army Corp. of Engineers Contracts - On June 12, 2023, the Corporation and the U.S. Army Corp of Engineers' (USACE) North Atlantic Division Commander entered the following Memorandums of Agreement:

- An agreement for the construction of improvements on the Delaware River for access to the Edgemoor, Delaware Port.

- Agreements for the design and construction of a dredged material placement facility estimated to cost $22,780,000 with an annual operating cost estimated to be $400,000 to accommodate 3.1 million cubic yards of dredged material over 20 years of maintenance dredging. In conjunction with these agreements, The Corporation deposited $21,050,000 with USACE which is reported on the June 30, 2024 Statement of Net Position as a deposit. Design and construction activities had not commenced as of June 30, 2024.

- An agreement for the placement of dredged material. Prior to the placement of any dredged material, the Corporation is required to provide a deposit of $17,095,000 for the estimated cubic yards placed. The deposit for the placement of dredged material is not expected to become due and payable prior to December 2024. After the dredged material has been placed the Corporation and USACE will complete and final accounting that will result in a true-up payment or refund.

Note 13 - Subsequent Events

Events and transactions subsequent to year-end have been evaluated for potential recognition in the financial statements or disclosure in the Notes to Financial Statements. All events and transactions have been evaluated through December 5, 2024, which is the date the financial statements were available to be issued.

In October 2024 a judge in the Federal District Court of Eastern Pennsylvania ordered that certain permits issued by the U.S. Army Corps of Engineers (USACE), for the Edgemoor site, be vacated. DSPC is actively working with USACE to restore and/or issue new permits in accord with the decision.

Required Supplementary Information

Diamond State Port Corporation
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2024

The following provides an analysis of the changes in the Corporation's net pension liability as of June 30 for each Fiscal Year:

Reporting date	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Measurement date	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total pension liability									
Service cost	$ -	$ -	$ -	$ -	$ -	$ 1,041,488	$ 942,605	$ 898,545	$ 949,798
Interest	2,274,331	2,338,816	2,276,642	2,289,653	2,599,856	2,494,875	2,314,182	2,218,491	2,160,067
Benefit changes	-	-	-	-	(4,180,856)	-	-	-	-
Difference between expected and actual experience	(591,580)	807,618	211,499	(262,090)	762,953	265,075	(975,351)	(599,480)	1,402,477
Change in assumptions	-	-	524,086	-	-	-	815,025	(873,072)	-
Benefit payments, including refunds of employee contributions	(2,658,231)	(2,678,320)	(2,760,581)	(2,615,929)	(2,561,733)	(981,216)	(892,104)	(822,498)	(728,383)
Net changes in total pension liability	(975,480)	468,114	251,646	(588,366)	(3,379,780)	2,820,222	2,204,357	821,986	3,783,959
Total pension liability - beginning	34,388,661	33,920,547	33,668,901	34,257,267	37,637,047	34,816,825	32,612,468	31,790,482	28,006,523
Total pension liability - ending (a)	$ 33,413,181	$ 34,388,661	$ 33,920,547	$ 33,668,901	$ 34,257,267	$ 37,637,047	$ 34,816,825	$ 32,612,468	$ 31,790,482

Diamond State Port Corporation
Schedule of Changes in Net Pension Liability and Related Ratios - Continued
June 30, 2024

Reporting date	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan fiduciary net position									
Contributions - employer	$ -	$ 207,200	$ 208,600	$ 310,000	$ 304,552	$ 1,175,029	$ 1,134,262	$ 1,200,251	$ 1,052,285
Contributions - employees	-	-	-	-	64,048	280,350	239,853	245,836	233,430
Net investment income	1,702,905	(5,513,383)	12,197,843	3,024,518	1,517,426	3,129,075	2,949,265	(393,808)	915,990
Benefit payments, including refunds of employee contributions	(2,658,231)	(2,678,320)	(2,760,581)	(2,615,929)	(2,561,733)	(981,216)	(892,104)	(822,498)	(728,383)
Administrative expenses	(27,476)	(23,873)	(23,028)	(27,548)	(55,846)	(40,082)	(29,781)	(32,046)	(37,115)
Net changes in plan fiduciary net position	(982,802)	(8,008,376)	9,622,834	691,041	(731,553)	3,563,156	3,401,495	197,735	1,436,207
Plan fiduciary net position - beginning	35,175,495	43,183,871	33,561,037	32,869,996	33,601,549	30,038,393	26,636,898	26,439,163	25,002,956
Plan fiduciary net position - ending (b)	$ 34,192,693	$ 35,175,495	$ 43,183,871	$ 33,561,037	$ 32,869,996	$ 33,601,549	$ 30,038,393	$ 26,636,898	$ 26,439,163
Corporation's net pension liability - ending (a) - (b)	$ (779,512)	$ (786,834)	$ (9,263,324)	$ 107,864	$ 1,387,271	$ 4,035,498	$ 4,778,432	$ 5,975,570	$ 5,351,319
Plan fiduciary net position as a percentage of the total pension liability	102.33%	102.29%	127.31%	99.68%	95.95%	89.28%	86.28%	81.68%	83.17%
Covered payroll	N/A	N/A	N/A	N/A	N/A	$ 14,021,830	$ 12,028,232	$ 12,376,200	$ 11,790,800
Corporation's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	28.78%	39.73%	48.28%	45.39%

Diamond State Port Corporation
Schedule of Contributions
June 30, 2024

The following provides an analysis of the employer contributions made to the Plan in relation to the actuarially determined contributions for the Fiscal Years ended June 30:

Reporting date (Measurement)	2024 2023	2023 2022	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015
Actuarially determined contribution	$ -	$ 207,200	$ 208,600	$ 310,000	$ 304,552	$ 1,175,029	$ 1,134,262	$ 1,200,251	$ 1,052,285
Contributions in relation to the actuarially determined contribution	-	207,200	208,600	310,000	304,552	1,175,029	1,134,262	1,200,251	1,052,285
Contribution excess/(deficiency)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A	$ 14,021,830	$ 12,028,232	$ 12,376,200	$ 11,790,800
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	8.38%	9.43%	9.70%	8.92%

Diamond State Port Corporation
Schedule of Contributions - Continued
June 30, 2024

Notes to Schedule

Measurement dates: ***June 30, 2021 - 2023***

Actuarially determined rates are calculated as of June 30, two years prior to the end of the Fiscal Year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method:	Entry age normal
Amortization method:	Level dollar - open
Remaining amortization period	3 years
Asset valuation method:	Smoothed market, 20% annual market weight
Inflation:	2.50%
Salary increases:	N/A
Investment rate of return	7.00%, including inflation
Retirement age:	A member may retire after completing five years of service and after reaching normal retirement age of 65.
Mortality:	Mortality rates were based on the Pub-2010 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on RPEC-2020 mortality improvement scale on a fully generational projection.

Diamond State Port Corporation
Schedule of Contributions - Continued
June 30, 2024

Notes to Schedule

Measurement dates: ***June 30, 2018 - 2020***

Actuarially determined rates are calculated as of June 30, two years prior to the end of the Fiscal Year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method:	Entry age normal
Amortization method:	Level dollar - closed
Remaining amortization period	4 years
Asset valuation method:	Smoothed market, 20% annual market weight
Inflation:	2.50%
Salary increases:	N/A
Investment rate of return	7.00%, including inflation
Retirement age:	A member may retire after completing five years of service and after reaching normal retirement age of 65.
Mortality:	Mortality rates were based on the Pub-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on RPEC-2015 mortality improvement scale on a fully generational projection.

Other Reporting Required by *Government Auditing Standards*

Gunnip & company LLP
Certified Public Accountants and Consultants

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Independent Auditors' 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
Diamond State Port Corporation
Wilmington, Delaware

We have audited, in accordance with the 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, the financial statements of the Diamond State Port Corporation (the Corporation) as of and for the Fiscal Year Ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated December 5, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Corporation'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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 5, 2024
Wilmington, Delaware

Gunnip & Company LLP