

Great Lakes St. Lawrence Seaway Development Corporation

Fiscal Year 2023 Annual Report



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Letter from the Administrator

Dear Seaway Stakeholder:



Adam Tindall-Schlicht
GLS Administrator

I am thrilled to present the annual management report and financial audit of the Great Lakes St. Lawrence Seaway Development Corporation (GLS) for Fiscal Year (FY) ending September 30, 2023. The Allmond & Company Audit Report represents the GLS's 60th consecutive unmodified audit opinion, reflecting our commitment to excellence since our first financial audit in 1955.

As the 11th Administrator of the GLS, I am deeply honored to serve in this capacity, fostering a passion for public service across the Great Lakes Seaway System and its diverse and vibrant maritime industry. I am grateful for this opportunity to lead the GLS and its contributions to the success of the Seaway System and its stakeholders.

Despite an atypical multi-day service interruption due to circumstances outside of our control, the GLS maintained a remarkable safety and reliability record. Achieving a system reliability rate of 98.7 percent and a lock availability rate of 99.6 percent in the U.S. sector during FY 2023 yielded a 3.4 percent increase in cargo tonnage movement over the prior year. This resilience demonstrates our commitment to mission fulfillment, and we are grateful to our workforce for their dedication.

The launch of the Great Lakes Seaway System Green Shipping Corridor Network (GSCN) initiative highlights our commitment to environmental sustainability. This binational effort, developed in collaboration with various stakeholders, including the U.S. and Canadian federal governments, aims to promote the adoption of low- and zero-emission fuels and technologies, paving the way for sector-wide decarbonization by 2050 and beyond.

Throughout FY 2023, the GLS's Trade and Economic Development activities remained robust. We hosted specialized conferences and trade missions, fostering partnerships to enhance Great Lakes/Seaway trade.

Notably, our efforts resulted in increased agricultural exports and strengthened trade relations with key European partners including Germany, one of the Seaway's top European trading partners.

Under the Seaway Infrastructure Program (SIP), we completed several capital projects aimed at modernizing and maintaining our infrastructure. These projects not only extend the lifespan of our critical assets but also enhance operational efficiency and reduce maintenance costs.

The addition of the ice-class tugboat, *SEAWAY TRIDENT*, further reinforces our commitment to operational excellence. This vessel, which will perform maintenance work and routine upkeep of aids to navigation, enhances our capacity for maintenance and ice management in the St. Lawrence River region.

The release of the most recent economic impact study reaffirms the pivotal role of maritime commerce on the Great Lakes Seaway System in driving the North American economy forward. With \$36 billion in economic activity, supporting over 241,000 jobs and generating almost \$18 billion in wages, regional waterborne commerce remains a cornerstone of economic vitality and growth.

In conclusion, this report underscores the GLS's unwavering dedication to excellence, safety, and sustainability. As we embark on the journey ahead, we remain committed to fostering collaboration, innovation, and prosperity for all stakeholders.

Thank you for your interest in the GLS and the Great Lakes St. Lawrence Seaway System. To stay connected on the latest GLS programs and activities, visit us at www.greatlakes-seaway.com, www.seaway.dot.gov, and across social media at @SeawayUSDOT.

Best regards,

Adam Tindall-Schlicht
Administrator

Management Discussion and Analysis

Overview

AUTHORITY

The U.S. Great Lakes St. Lawrence Seaway Development Corporation (GLS or Corporation), a wholly owned government corporation and an operating administration of the U.S. Department of Transportation (USDOT or Department), is responsible for the operations and maintenance of the U.S. portion of the St. Lawrence Seaway between Montreal and Lake Erie. This responsibility includes maintaining and operating the two U.S. Seaway locks located in Massena, N.Y., maintaining the channels and navigational aids in U.S. waters, and performing vessel traffic control operations in areas of the St. Lawrence River and Lake Ontario. In addition, the Corporation performs economic and trade development activities designed to enhance Great Lakes St. Lawrence Seaway System utilization.

The Corporation's operational staff and facilities are in Massena, N.Y., including the two U.S. Seaway locks (Eisenhower and Snell). The GLS's headquarters is in Washington, D.C.

The GLS interacts with numerous U.S. and Canadian government agencies and private industry to carry out its mission. The Corporation coordinates its activities with its Canadian counterpart, the St. Lawrence Seaway Management Corporation (SLSMC), particularly with respect to rules and regulations, overall day-to-day waterway and lock operations, traffic management, navigation aids, safety, environmental programs, operation dates and trade development programs. The unique binational nature of the Seaway System requires close coordination between the two Seaway Corporations.

The St. Lawrence Seaway serves the eight-state, two-province region of North America, which represents an economic output of \$6 trillion annually. Maritime commerce on the Great Lakes Seaway System annually sustains 241,000 U.S. and Canadian jobs and \$36 billion in transportation-related business revenue.



CORE ORGANIZATIONAL VALUES



COMMITMENT



DEPENDABILITY



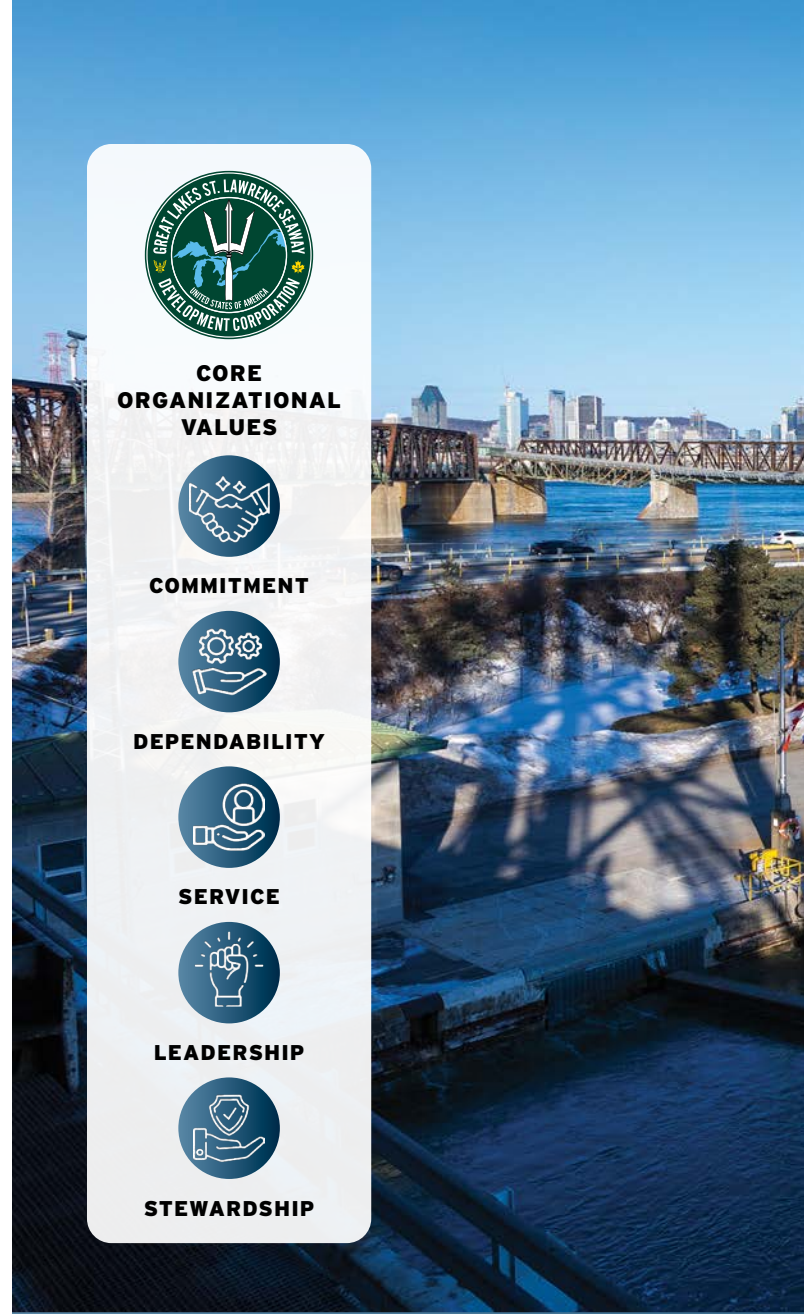
SERVICE



LEADERSHIP



STEWARDSHIP



MISSION STATEMENT

The GLS operates and maintains the U.S. infrastructure and waters of the St. Lawrence Seaway, while performing trade development focused on increasing economic activity for the Great Lakes St. Lawrence Seaway System. The Corporation's mission is to serve the marine transportation industry by providing a safe, reliable, efficient, sustainable and competitive deep draft international waterway, in cooperation with the Canadian SLSMC.

VISION STATEMENT

The GLS will be a model federal agency, leading the Great Lakes Seaway System as the safest and most efficient, competitive, technologically advanced, and environmentally responsible marine transportation system in the world.



Above: The 740' Capt. Henry Jackman, a Seawaymax Equinox Bulk Carrier built in 2021, was the first ship to transit through the St. Lambert Lock, on Wednesday, March 22, 2023, marking the start of the 65th navigation season of the St. Lawrence Seaway. PHOTO: The St. Lawrence Seaway Management Corporation (SLSMC)



Left (left to right): Maja Vodanovic, Mayor of the Borough of Lachine and member of the Executive Committee of the city of Montreal; Christopher Coes, Assistant Secretary Transportation Policy, U.S. Department of Transportation; Dominic Rochon, Associate Deputy Minister, Transport Canada; Adam Tindall-Schlicht, Administrator, U.S. Great Lakes St. Lawrence Seaway Development Corporation; Terence Bowles, President and CEO, St. Lawrence Seaway Management Corporation; Danielle Lewis, Manager of Raw Materials, ArcelorMittal Dofasco; Gregg Ruhl, President & CEO, Algoma Central Corporation at the opening of the St. Lawrence Seaway's 2023 navigation season. March 22, 2023. St. Lambert Lock in Montreal, Canada. PHOTO: The St. Lawrence Seaway Management Corporation (SLSMC)

Financial Highlights for Fiscal Year 2023

Each year, the GLS reports its financial position and results of operations, pursuant to the requirements of the Chief Financial Officers Act of 1990.

Corporation Financing

Until 1987, the Corporation was a self-sustaining entity and financed its operations and investments in plant and equipment by charging tolls to commercial users of the two U.S. Seaway locks. Toll rates were established jointly with and collected by the St. Lawrence Seaway Authority (now known as the St. Lawrence Seaway Management Corporation or SLSMC), with the U.S. share remitted to the GLS. With the enactment of the Water Resources

Development Act of 1986, P.L. 99-662, which created the Harbor Maintenance Trust Fund (HMTF), the GLS became an appropriated federal agency. Although the U.S. portion of Seaway tolls was still collected, the Act required the U.S. Treasury to rebate the U.S. toll collections to users. Subsequent legislation, effective October 1, 1994, waived the billing and collection process of the U.S. tolls. However, the GLS still recognizes the requirement under the 1959 Tariff of Tolls agreement between Canada and need for the U.S. to negotiate Seaway toll levels with the SLSMC.

SELECTED FINANCIAL INDICATORS

(In thousands of dollars)

For the Fiscal Years Ended September 30	2023	2022	Change	
			\$	%
Operating Revenues	24,048	28,323	(4,275)	(15)
Appropriations expended	23,084	27,370	(4,286)	(16)
Other	964	953	11	1
Operating Expenses	27,015	24,386	2,629	11
Personnel services and benefits	17,162	15,286	1,876	12
Other	9,853	9,100	753	8
Imputed Financing and Expenses				
Imputed financing	1,279	838	441	53
Imputed expenses	1,279	838	441	53
Total Assets	244,906	239,685	5,221	2
Time Deposits in Minority Banks	9,760	10,240	(480)	(5)
Short-term	9,520	9,760	(240)	(2)
Long-term	240	480	(240)	(50)
Interest Income from Minority Banks	215	47	168	357

Note: Rounding may affect the addition of rows and columns in the table.



Operating Revenues

Operating revenues, excluding imputed financing, totaled \$24.0 million in Fiscal Year (FY) 2023, a \$4.3 million decrease. Appropriations expended, representing the amount of the HMTF expended for operating purposes, decreased \$4.3 million and other revenues increased \$11,000.

Operating Expenses

Overall operating expenses of \$27.0 million, excluding depreciation, imputed expenses, and workers' compensation benefits, increased by \$2.6 million. Personnel services and benefits increased \$1.9 million and other costs increased \$753,000. Personnel services and benefits represented 64 percent of the Corporation's operating expenses in FY 2023. The GLS employed 130 people on September 30, 2023.

Other costs totaling \$9.9 million included: \$6.1 million for other contractual services; \$517,000 for Seaway International Bridge Corporation, Ltd., \$2.5 million for supplies and materials; \$248,000 for equipment not capitalized; \$174,000 for rent, communications, and utilities; \$266,000 for travel and transportation of persons and things; \$4,000 loss on property disposals, and \$68,000 for printing and reproduction.

Imputed Financing and Expenses

Effective in 1997, the GLS was required to recognize and record the cost of pension and post-retirement benefits during employees' active years of service, based on cost factors provided by the Office of Personnel Management (OPM). These costs are recorded as an expense paid by OPM offset by an imputed financing source to the receiving entity (GLS).

Total Assets

The GLS's financial position continues to remain sound with total assets of \$245 million. Plant, property, and equipment are valued at \$186 million.

Time Deposits in Minority Banks and Interest Income

A key asset of the GLS is time deposits in minority banks, totaling \$9.8 million at year-end, with a decrease of \$480,000 from prior year. The interest income is an important financing source for the Corporation.

Unobligated Balance

The GLS had an unobligated balance on September 30, 2023 of \$42.4 million, comprised of \$16.9 million of carryover balances from prior year appropriations, \$22.3 million in financial reserves, and \$3.2 million is unused borrowing authority. The financial reserve is maintained to finance emergency or extraordinary expenditures to ensure safe and uninterrupted use of the St. Lawrence Seaway, a policy affirmed by the USDOT, Office of Management and Budget (OMB), and the U.S. Congress in Appropriations Committee reports. The funds on deposit in minority banks were principally built up from toll income in excess of cash outlays prior to April 1, 1987, when the Corporation was a self-sustaining entity, and are invested in insured deposits consistent with Executive Order 11625 (October 13, 1971).

GLS's Seaway Infrastructure Program (SIP)

The GLS's Seaway Infrastructure Program (SIP) addresses the long-term capital asset renewal needs of the U.S. Seaway infrastructure. The start of the GLS's capital infrastructure program in FY 2009 represented the first time in the GLS's history that a comprehensive effort had been undertaken to modernize the Seaway infrastructure, including rehabilitation of and improvements to the U.S.-operated locks, the navigation channels, the Seaway International Bridge, and other Corporation facilities and assets located in Upstate New York.

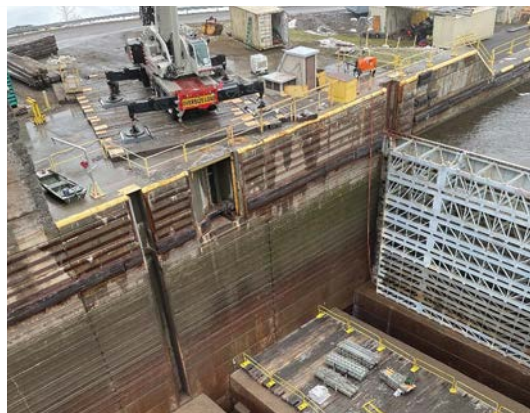
In FY 2023, the GLS obligated \$15.9 million on contracts for 25 capital projects as part of its SIP, including: \$7.6 million to replace the diffusers at Snell Lock; \$1.8 million for all-season

navigational aids; \$1.2 million for concrete rehabilitation at Eisenhower Lock; and \$1.1 million to upgrade electrical distribution equipment. Additionally, the GLS obligated and expended \$731,000 in personnel compensation and benefits in FY 2023 for SIP-related staff time. Since the start of the program in 2009, the GLS has obligated \$225 million on 65 separate infrastructure-related projects.

The completion of SIP projects will extend the life of the U.S. Seaway infrastructure and reduce the risk of system delays to commercial navigation caused by lock equipment malfunction. In addition, several projects involve the implementation of new technologies for the safe and secure operation of the Seaway infrastructure, resulting in reduced maintenance needs and operating costs to Seaway users. SIP projects also address workplace facilities for GLS staff in Massena, N.Y., that are in need of rehabilitation or replacement.

Below (top row left to right): Eisenhower Lock Being Dewatered for 2023 Winter Work; Snell Lock Being Prepared for 2023 Winter Work; Eisenhower Concrete Demolition

(bottom row left to right): Eisenhower Concrete Repairs Made; Snell Diffuser Structures During Demolition; Snell Diffuser Structures Replaced





Above: The *SEAWAY TRIDENT* tugboat, measuring 60 feet in length overall compared to the *Guardian's* 118 feet, is the little sister to the *SEAWAY GUARDIAN* and has many of the same design characteristics. Right: The *SEAWAY TRIDENT* is rightsized for maneuvering inside lock chambers, with a wide 28-foot beam to improve performance in ice and enhance stability for deck crane operations.



Operational Highlights

GLS Maintains 100 Percent Safety Inspections/Assessments of Foreign Vessels Entering the St. Lawrence Seaway

Under the Enhanced Seaway Inspection (ESI) program, the GLS inspects or assesses all ocean vessels on their initial transit into the St. Lawrence Seaway. The inspection focuses on safety and environmental protection issues and occurs in lower Québec ports, before the vessel enters the Seaway and U.S. waters. The ESI program expedites the safe transit of shipping through the Great Lakes St. Lawrence Seaway System, while maintaining strict environmental standards.

ESI inspections are jointly performed by GLS and SLSMC marine inspectors and covers both Seaway-specific fittings as well as port state control items identified by the U.S. Coast Guard (USCG) and Transport Canada as required for Great Lakes Seaway System vessel transits. In the event major deficiencies are identified, Transport Canada and the USCG are notified and the vessel is held before entering the St. Lawrence Seaway until all deficiencies are cleared.

The proactive approach and continued improvement of the program has been successful in reducing the number and frequency of incidents both on the St. Lawrence River

as well as in and around the lock facilities. In addition, the inspection/assessment program has eliminated the practice of duplicative inspections by multiple U.S. and Canadian agencies, allowing for a more seamless and efficient transit of the Seaway.

The GLS's goal of performing inspections or assessments of all foreign-flag vessels on their initial Seaway transit each year was achieved during the 2022 navigation season, with 246 inspections or assessments conducted by Corporation personnel. As of September 30, 2023, 100 percent of foreign-flag vessels were either inspected or assessed for compliance during the 2023 navigation season.

GLS's New Tugboat *SEAWAY TRIDENT* Delivered to Massena, N.Y.

In May 2023, the GLS took delivery of its new ice-class tugboat, *SEAWAY TRIDENT*, for maintenance operations in Massena, N.Y. The 60-foot tug was built at the Washburn & Doughty shipyard in East Boothbay, Maine, and is designed to navigate icy conditions on the St. Lawrence River.

The *SEAWAY TRIDENT* will perform construction work, routine maintenance of aids to navigation, and ice management in and around lock chambers. The tug was built to maneuver inside lock chambers, with a 28-foot-wide beam to improve performance in ice and enhance stability for deck crane operations.



Transport
Canada



GLS Participates in Seaway Emergency Response Exercise

The GLS maintains an Emergency Response Plan that enhances the Corporation's ability to respond to any vessel incident on the St. Lawrence River. The GLS works closely with local, tribal, state, and federal agencies to prepare for a quick and safe response to mitigate the impact of an accident or spill on the St. Lawrence Seaway. Annual training and drills are practiced to ensure resources are adequate for an effective response. Most training and drills include the participation of federal, state, tribal, and local response agencies and environmental groups. Since 1992, the GLS has participated in and/or hosted 43 annual emergency exercises.

On August 15, 2023, the GLS participated in the binational, multi-agency CANUSLACK Plan exercise held in Ogdensburg, N.Y. The CANUSLAK Plan (Great Lakes/Seaway Geographic Annex) is an operational annex to the bilateral Joint Marine Pollution Contingency Plan between the United States and Canada, which was established to ensure coordinated planning, preparedness, and response to a harmful substance incident in the contiguous waters of the two nations.

The exercise simulated a westbound commercial vessel that, while transiting under the Ogdensburg-Prescott International Bridge, had a backpack dropped onto its deck. The vessel continued to travel westbound for 30 miles at which time an explosion occurred aboard the vessel, causing the ship to lose steering and run hard aground blocking the Seaway navigation channel. There was also an onboard fire in two compartments as well as a heavy fuel leak into the river.

Exercise participants worked collaboratively to address life and safety concerns, environmental protection, and incident stabilization. Boom deployment and drone surveillance exercises were also performed on the river. The exercise validated drone capabilities, information sharing protocols, and a collaborative response to an increased maritime security level.

Agencies in attendance included the GLS, Canadian SLSMC, USCG, U.S. Customs and Border Protection, Canadian Coast Guard, Canada Border Services Agency, New York State Department of Environmental Conservation, U.S. and Canadian Akwesasne Mohawk tribal representatives, and St. Lawrence County emergency response officials.



Above: Sector Buffalo Commander Captain Mark I. Kuperman, USCG, delivers remarks at the Incident Command Post located at the U.S. Customs and Border Protection "Cargo Warehouse".



Above: Boom deployment and Unmanned Aircraft System (UAS) drone exercise at the Ogdensburg Bridge and Port Authority.

Sustainability Highlights

GLS Leads U.S. Facilitation of Great Lakes Seaway System Green Shipping Corridor Network (GSCN)

At the COP 27 World Summit in November 2022, the U.S. and Canada jointly announced the intention to facilitate development of a Green Shipping Corridor Network (GSCN) for the Great Lakes St. Lawrence Seaway System. Since that time, U.S. and Canadian federal agencies have coordinated with state, provincial, local, private-sector, non-governmental, and tribal organizations to begin that process. This effort builds on the work established by the “Joint Statement by the U.S. Department of Transportation and Transport Canada on the Nexus between Transportation and Climate Change” released in 2021.

In FY 2023, the GLS began its efforts to serve as the lead U.S. federal convener of the GSCN in collaboration with the U.S. Department of Transportation’s Office of the Assistant Secretary for Aviation and International Affairs.

On April 4, 2023, the GLS and Canadian SLSMC co-sponsored the first-ever Collaborative Forum regarding establishing a GSCN on the Great Lakes Seaway System in Chicago, Ill., which was attended by more than 100 U.S. and Canadian stakeholders. The April 4 Forum had four primary goals:

- Create a common body of knowledge to identify opportunities for voluntary collaboration efforts and implementation strategies, based on the best available science and technology;
- Introduce to stakeholders the key personnel with direct oversight on the Great Lakes Seaway System and shipping policy;
- Explore the physical and operational issues affecting GSCN development; and
- Establish working groups for stakeholders to participate and collaborate to explore future solutions and near-term goals.

In addition to the Forum, the GLS and SLSMC co-hosted two follow-up working group events in FY 2023 – a meeting of the performance working group in Washington, D.C., on August 29, 2023, and a meeting of the alternative fuels working group in Montréal, Québec, on September 7, 2023. Both working group events attracted strong turnouts of U.S. and Canadian stakeholders, making a significant step towards achieving sustainable decarbonization goals.

Feedback from attendees from the Forum and working group meetings suggests that the GSCN events were exceptionally well received as informative and constructive steps in establishing the GSCN on the System. There was substantial support for the governments of the U.S. and Canada



Above (left to right): GLS Administrator Adam Tindall-Schlicht, Acting Consul General of Canada in Chicago Aaron Annable, and SLSMC President/CEO Terence Bowles at the April 2023 GSCN Collaborative Forum in Chicago, Ill.

continuing to play a convening role and establishing a green shipping binational framework that will include incentives. The GLS and SLSMC will continue to support the U.S. and Canadian governments as to facilitate the establishment of a voluntary GSCN.

U.S./Canadian Federal Report Highlights Continued Effectiveness of the Great Lakes Seaway System Ballast Water Inspection Program

In February 2023, a new report showed the continued effectiveness of the current Great Lakes Seaway ballast water management regime during the 2022 navigation season. This was evident in both the number of ballast tank inspections of oceangoing commercial ships entering the St. Lawrence Seaway from outside U.S. or Canadian waters, as well as the extent of compliance with ballast water management requirements.

The report was prepared by the Great Lakes Seaway Ballast Water Working Group (BWWG), which includes representatives of the GLS, SLSMC, USCG’s Ninth District, and Transport Canada. The group coordinates U.S. and Canadian enforcement and compliance efforts to reduce the introduction of aquatic invasive species in the Great Lakes Seaway System via foreign flag commercial vessels.

The *2022 Summary of Great Lakes Seaway Ballast Water Working Group* examined the U.S.-Canada Great Lakes Seaway System ballast water ship inspection program. In 2022, 10,239 ballast tanks were assessed during 521 vessel transits with a compliance rate for low salinity tanks of 98.2 percent. In those rare instances where salinity levels do not meet the standard, the ballast tanks are sealed and then re-inspected on the vessel’s outbound journey to ensure that the tank was not used on its voyage in the Great Lakes. Since 2009, 100 percent of international vessels entering the Seaway have received a ballast water management exam.

The Great Lakes Aquatic Nonindigenous Species Information System, maintained by the National Oceanic and Atmospheric Administration, documents that Seaway regulations and the effectiveness of the BWWG and the ballast water inspection program have been publicly credited as key factors in dramatically decreasing the risk of aquatic invasive species introductions by international vessels transiting the Seaway (only 2 possible introductions since 2006 compared to 15 for 1991-2006).

GLS Continues to Support Binational "Green Marine" Program; Achieves High Level of Environmental Performance



In FY 2023, the GLS continued to support and participate in the U.S.-Canadian "Green Marine" initiative, a marine industry partnership program aimed at demonstrating and communicating the maritime industry's commitment to addressing key environmental issues.

The objective of the Green Marine program, which was launched in October 2007, is to build and maintain strong relations with key stakeholders and to develop greater awareness of the maritime industry's activities, benefits, and challenges. To accomplish this, Green Marine activities are directed towards strengthening the industry's environmental standards and performance through a process of continuous improvement. The program focuses on helping the maritime industry represent itself uniformly, strengthening industry involvement in regulatory processes, and improving regulatory outcomes.

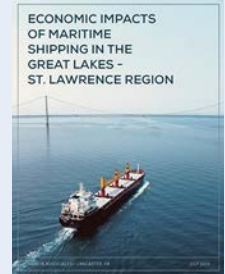
All Green Marine participants must complete a yearly self-evaluation to demonstrate environmental performance based on numerous criteria and undergo an independent third-party verification every two years to confirm the results while providing input and guidance on reaching the highest level. The performance indicators range on a scale from 1 to 5, with 1 representing regulatory compliance and 5 reflecting leadership and excellence.

In its 2022 performance report, Green Marine validated and published the efforts made by the shipping community, including shipowners, ports, shipyards, and terminals, in addressing key environmental issues. Beginning in 2015, the GLS and Canadian SLSMC have published their results as a single entry to reflect the binational nature of the Seaway and the collaborative work by both entities in pursuing environmental excellence. The GLS and SLSMC were measured on efforts to address six environmental/sustainability performance areas (each on a five-point scale): Greenhouse Gases and Air Pollutants (4.1); Spill Prevention and Stormwater Management (5.0); Community Impacts (5.0); Environmental Leadership (4.9); Waste Management (4.1); and Community Relations (4.9).

Trade and Economic Development Highlights

GLS Releases Binational Great Lakes Seaway System Economic Impact Study

On July 21, 2023, a new study was released by the GLS and other U.S. and Canadian stakeholders detailing the U.S. and Canadian economic impacts of commercial maritime activity in 2022 on the Great Lakes St. Lawrence Seaway System. This study was an update to previous Great Lakes/Seaway economic impact analyses completed in 2011 and 2018.



Titled "Economic Impacts of Maritime Shipping in the Great Lakes-St. Lawrence Region," the study highlights the maritime industry's economic impact from multiple perspectives and showed that, even in a year in which the world was gripped with pandemic challenges and supply chain concerns, marine shipping drove the North American economy forward. Key statistics captured in the study include jobs and wages, economic activity, tonnages volumes, and taxation generated.



The study's key findings from 2022 were:

- Great Lakes/Seaway shipping is a key driver of the North American economy, supporting \$36 billion in economic activity.
- Great Lakes/Seaway shipping supported more than 240,000 jobs that generated almost \$18 billion in wages.
- 135.7 million metric tons of raw materials and finished goods were delivered by commercial vessels serving critical industries such as agriculture, construction, energy, and steelmaking.
- Great Lakes/Seaway shipping generated \$6.3 billion in taxes.

The GLS was part of a binational consortium of public and private sector stakeholders that retained Martin Associates of Lancaster, Pa., to complete the analysis. Martin Associates is an internationally recognized economic and transportation consulting firm that has conducted similar studies for major U.S. and international ports and completed the previous Great Lakes Seaway System economic impact studies.

GLS Hosts Two Trade Missions to German Markets for Cargo and Cruising

In FY 2023, the GLS hosted two Seaway Trade Missions to foreign markets to increase Great Lakes/Seaway trade with Germany, which is one of the Seaway's top European trading partners.

In May 2023, the GLS led a U.S. port delegation to Munich, Nürnberg, and Dusseldorf, Germany. On the mission, delegates attended the Transport Logistics Fair in Munich, a major international logistics industry event, which provided direct access to European maritime shippers. Additionally, the delegation toured several German ports, terminals, and logistics facilities, and in partnership with the Great Lakes St. Lawrence Governors and Premiers and the Port of Antwerp/Brugges, provided an informational seminar in Dusseldorf for German transportation logistics providers including terminal operators, freight forwarders, and shippers.

In September 2023, the GLS led a second mission with U.S. delegates to German markets in Hamburg, Cuxhaven, Brake, and Bremen, which focused on increasing Great Lakes/Seaway cruising and cargo activity. In Hamburg, the GLS hosted an informational booth at Seatrade Europe exhibition to highlight the many port destinations on the Great Lakes for cruise ships to visit. In Cuxhaven, Brake, and Bremen, the delegation met with current and potential trading partners. In addition, the delegation reengaged with German representatives met during the May 2023 mission.



Above (left to right): Felix Jahn, Managing Director, Seaports of Niedersachsen; Maria Cartier, Market Development Manager, Port Milwaukee; Diana Jazik, Marketing and Communication, Seaports of Niedersachsen; Jazmine Jurkiewicz, International Trade Specialist, Great Lakes St. Lawrence Seaway Development Corporation; Rebecca Yackley, Director, Office of Trade and Economic Development, Great Lakes St. Lawrence Seaway Development Corporation; Aaron Bensinger, VP of Operations, Central Marine Logistics; Sabine Sander, Marketing, J. Müller; Kate Ferguson, Director of Trade and Business Development, Duluth Seaway Port Authority; Peter Hirthe, Great Lakes Regional Representative, Great Lakes St. Lawrence Seaway Development Corporation; and Lejla Pasukan, Sales, forest products, J. Müller.



Above (left to right): Tim Ladendorf, Global Application Manager, Liebherr; Kate Ferguson, Director of Trade and Business Development, Duluth Seaway Port Authority; Aaron Bensinger, VP of Operations, Central Marine Logistics; Jazmine Jurkiewicz, International Trade Specialist, Great Lakes St. Lawrence Seaway Development Corporation; Rebecca Yackley, Director, Office of Trade and Economic Development, Great Lakes St. Lawrence Seaway Development Corporation; Peter Hirthe, Great Lakes Regional Representative, Great Lakes St. Lawrence Seaway Development Corporation; Andreas Ritschel, Deputy Sales Director, Liebherr; and Maria Cartier, Market Development Manager, Port Milwaukee.

Nine U.S. Ports Earn GLS's Robert J. Lewis Pacesetter Award for Increased International Trade in 2022

In FY 2023, the GLS presented nine U.S. Great Lakes Seaway System ports with its 31st annual Robert J. Lewis Pacesetter Award for registering increases in international cargo tonnage shipped through their ports during the 2022 navigation season compared to 2021.

Established in 1992, the GLS has distributed 175 Pacesetter Awards to 17 different U.S. Great Lakes Seaway System ports.

The ports earning the Robert J. Lewis Pacesetter Award for 2022 were: Port of Buffalo (N.Y.); Port of Chicago (Ill.); Port of Cleveland (Ohio); Port of Manitowoc (Wis.); Port Milwaukee (Wis.); Port of Monroe (Mich.); Port of Oswego (N.Y.); Ogdensburg Bridge and Port Authority (N.Y.); and Toledo-Lucas County Port Authority (Ohio).

In July 2023, Administrator Adam Tindall-Schlicht presented the award to the Port of Buffalo (N.Y.); Port of Chicago (Ill.); Port of Cleveland (Ohio); Port Milwaukee (Wis.); Port of Monroe (Mich.); and Toledo-Lucas County Port Authority (Ohio) during the Annual Conference of the American Great Lakes Ports Association (AGLPA) in Chicago.

On September 18, 2023, Deputy Administrator Anthony Fisher delivered a virtual presentation of the prestigious award to the Port of Manitowoc, (Wis.) during a City of Manitowoc Common Council Meeting.

The GLS Pacesetter Award annually recognizes the economic development achievements of those U.S. Great Lakes Seaway System ports that increase international tonnage shipped through the St. Lawrence Seaway in comparison to the previous year. The award also serves to raise awareness among the wider community about how important ports are as assets to the local, regional, and national economy.



Adam Tindall-Schlicht (right), GLS Administrator, presented the Pacesetter Award to Scott Simmons, General Manager/Port Director, Port of Buffalo and Port associate, during the Annual Conference of the American Great Lakes Ports Association (AGLPA) in Chicago.



Adam Tindall-Schlicht (right), GLS Administrator, presented the Pacesetter Award to Erik Varela, executive director, Port of Chicago, during the Annual Conference of the American Great Lakes Ports Association (AGLPA) in Chicago.



Adam Tindall-Schlicht (right), GLS Administrator, presented the Pacesetter Award to Will Friedman, President and CEO, Port of Cleveland, during the Annual Conference of the American Great Lakes Ports Association (AGLPA) in Chicago.



Adam Tindall-Schlicht (left), GLS Administrator, presented the Pacesetter Award to Jackie Carter, Port Director, Port Milwaukee, during the Annual Conference of the American Great Lakes Ports Association (AGLPA) in Chicago.



Adam Tindall-Schlicht (right), GLS Administrator, presented the Pacesetter Award to Paul LaMarre, Port Director, Port of Monroe, during the Annual Conference of the American Great Lakes Ports Association (AGLPA) in Chicago.



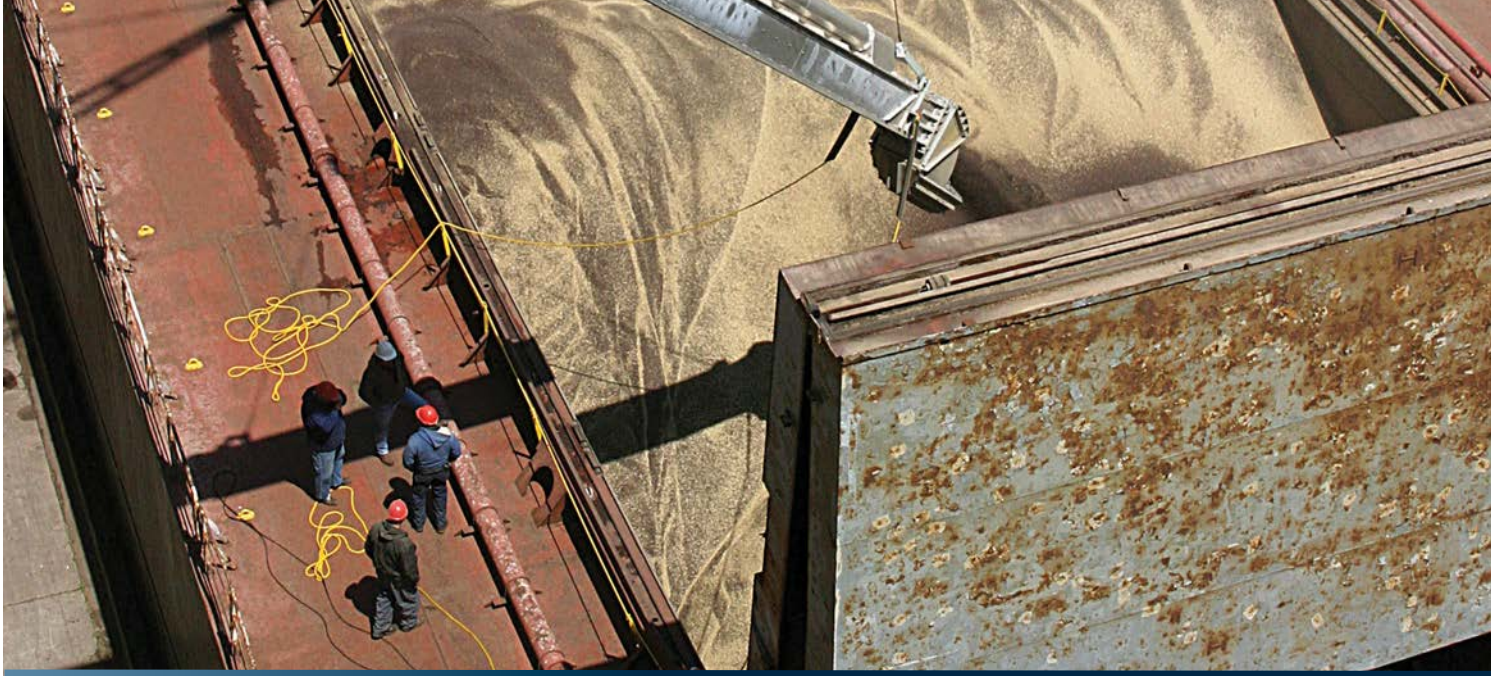
Adam Tindall-Schlicht (right), GLS Administrator, presented the Pacesetter Award to Thomas Winston, President and CEO, Toledo-Lucas County Port Authority, during the Annual Conference of the American Great Lakes Ports Association (AGLPA) in Chicago.



Adam Tindall-Schlicht (right), GLS Administrator, presented the Pacesetter Award to Steve Lawrence, Executive Director, Ogdensburg Bridge and Port Authority (OBPA), during an in-person event at OBPA on August 8, 2023.



Adam Tindall-Schlicht (left), GLS Administrator, presented the Pacesetter Award to William Scriber, Executive Director, Port of Oswego Authority (POA), during an in-person event at the POA on August 9, 2023.



GLS Participates at Breakbulk Cargo Conferences



The GLS was one of several U.S. and Canadian Great Lakes Seaway System stakeholders represented at three major domestic and international breakbulk cargo conferences - Breakbulk and Project Cargo conference in New Orleans, La., in April 2023, Breakbulk Europe conference in Rotterdam, Netherlands, in June 2023, and Breakbulk Americas conference in Houston, Texas, in September 2023.

The GLS and Great Lakes Seaway System stakeholders met with several prospective new customers interested in utilizing the Seaway System to move breakbulk cargo. Over the past decade, breakbulk/ project cargo represent the highest-value goods moving through the Great Lakes Seaway System and have been the waterway's fastest growing cargo sector.



Above: Great Lakes St. Lawrence Seaway System Delegation at Breakbulk Americas 2023.

GLS Trade Development Efforts Focus on Grain Exports in FY 2023



In FY 2023, the GLS's Office of Trade and Economic Development renewed its focus on efforts to increase grain exports moved through the St. Lawrence Seaway to international markets. Throughout FY 2023, the GLS sponsored, attended, exhibited, and presented at several major grain conferences, including the U.S. Grain Council Export Exchange in Minneapolis, Minn., in October 2022, Soya and Specialty Grains Alliance's Transportation Go! Conference in Omaha, Neb., in March 2023, and the National Grain and Feed Association Conference in LaQuinta, La., in March 2023.

In addition to trade shows, the GLS directly engaged with major U.S. grain associations throughout the year to educate leadership and members about the Great Lakes Seaway System as a viable route for foreign market exports. Participation at conferences in FY 2023 resulted in several grain export shipments moved through the Seaway during the latter half of the 2022 navigation season.

EXPLORE THE GREAT LAKES



Delegation (L-R): Kate Ferguson, Duluth Port Authority; Maria Cartier, Port Milwaukee; Aaron Bensinger, Central Marine Logistics; Jazmine Jurkiewicz and Rebecca Yackley, Great Lakes St. Lawrence Seaway Development Corporation.

GLS Continues Efforts to Increase Great Lakes/Seaway Cruising



27-30 March 2023
Broward County Convention Center,
Fort Lauderdale, Florida, USA



Since the late 1990s, the GLS has focused on increasing the number of cruise ships in the Great Lakes. Those efforts resulted in a significant growth in the number of ships and passengers over the past two decades. Most notable was the addition of Viking Cruises with their first ship arriving in 2022 followed by the second in 2023. During

the 2023 navigation season, Viking's second Seaway-sized cruise vessel, *VIKING POLARIS*, began moving passengers on the Great Lakes, joining the *VIKING OCTANIS*.

The GLS exhibited at two major trade shows with the focus on cruise ship owners and operators in FY 2023. At both exhibitions, the GLS hosted a Great Lakes information booth, and U.S. and Canadian Great Lakes/Seaway stakeholders attended and met with current and potential cruise lines. The delegation members hosted numerous meetings in the Great Lakes information booth with cruise ship owners, operators, charters and itinerary planners. Each meeting was an opportunity to raise the awareness of the many destinations in the Great Lakes or to follow up with a current customer.

Additional exposure to raise awareness of the Great Lakes as a cruising destination was secured by the GLS through educational placements in key trade publications, including *Seatrade Cruise Review*, *Cruise and Ferry*, *Cruise Industry News*, and *Maritime Executive*. The GLS also leveraged its membership with the Cruise Lines International Association (CLIA) and sponsor key events which also allowed Administrator Adam Tindall-Schlicht to highlight to its members the 30 destinations that can accommodate cruise ships on the Great Lakes.

Corporation Highlights

Adam Tindall-Schlicht Sworn-In as the GLS's 11th Administrator



Adam
Tindall-Schlicht
GLS Administrator

On November 7, 2022, Adam Tindall-Schlicht was sworn in as the GLS's 11th Administrator. His appointment by President Biden marked the first time in history that a former GLS career employee had become the organization's Administrator. He is the youngest and first openly gay person appointed to the role.

Mr. Tindall-Schlicht previously held several positions at the U.S. Department of Transportation, including at the GLS from 2010-2018 where he worked on several Corporation initiatives including trade and economic development activities Great Lakes Regional Representative.

Following his earlier tenure at the GLS, Mr. Tindall-Schlicht was appointed Director of Port Milwaukee in May 2018. As Director, he oversaw and directed the Port's multimodal, commercial, and passenger operations. In addition to his responsibilities as Port Director, Mr. Tindall-Schlicht was appointed by Wisconsin Governor Tony Evers as both a Commissioner of the Southeastern Wisconsin Regional Planning Commission in 2020 and a member of the Board of Directors of the Great Lakes Protection Fund in 2022.

A native of Oak Creek, Wis., Mr. Tindall-Schlicht holds a bachelor's degree in Political Science from the University of Wisconsin-Madison and a master's degree in Public Administration from American University in Washington, D.C.

Anthony Fisher Named New GLS Deputy Administrator



Anthony Fisher
GLS Deputy
Administrator

Anthony Fisher began serving as the GLS's Deputy Administrator on March 12, 2023. A career member of the federal Senior Executive Service since early 2016, Mr. Fisher previously served as the Maritime Administration's Deputy Associate Administrator for Commercial Sealift. In this capacity, he oversaw programs supporting the financial viability of the U.S. Merchant Marine, as well as the Strategic Ports Program, the Mariner Medals and Flag Programs,

and the organization's engagement with the Committee on Foreign Investment in the United States.

A graduate of the U.S. Merchant Marine Academy and Naval War College, Mr. Fisher gained operational experience

sailing aboard container, roll-on/roll-off, breakbulk, and tanker vessels. He later entered the maritime business as a vessel chartering broker. In 2005, Mr. Fisher joined the U.S. Government as a Senior Transportation Contracting Officer, and later Congressional Liaison, for the U.S. Agency for International Development. He serves as a Strategic Sealift Officer in the Navy Reserve and maintains an active merchant mariner's license.

GLS Employees and Work Teams Receive USDOT Secretarial Awards



U.S. Secretary of Transportation Pete Buttigieg honored GLS Massena, N.Y.-based employees at the 55th Annual U.S. Department of Transportation Secretary's Awards Ceremony on January 26, 2023. At the event, Secretary Buttigieg recognized individuals and teams

who performed their duties in an exemplary manner to meet the Department's strategic goals and accomplish its mission.

A cadre of GLS engineering and maintenance employees, comprised of Michael Ledger, Robert Barkley, Spencer Haggett, Eric Hebert, Carl Bender, Jonathan Chapman, Anthony Curley, and Travis Leggue, received the Secretary's Team Award for their outstanding work during the Seaway's annual winter maintenance season. Their efforts identified improvements with stoplog lifting beams and hooks. The team developed swift solutions to address both short-term and long-term fixes, which helped to avoid preventative maintenance delays during the winter.

Christopher Phillips, Supervisory IT Specialist, was a part of the intermodal DOT Cyber Security Operations Team that received the Partnering for Excellence Award for organizational excellence in reducing enterprise cyber risks.

Lori Grenier, Accountant, was presented the Secretary's Excellence Award, which is granted to employees who have achieved outstanding performance in all aspects of their work and deserve special commendation. Ms. Grenier received the award for excellent performance in the administrative functioning of the GLS and performing multiple roles within the financial management team while ensuring the GLS maintains the highest levels of accountability.

Secretary Buttigieg awarded a Meritorious Achievement Award (Silver Medal) to Tammy Finnegan, Human Resources Officer. Ms. Finnegan is responsible for the GLS's many human resources needs and successfully led several unique and challenging human resources projects to successful outcomes. This is the third highest award bestowed by the Secretary in recognition of exceptionally meritorious service to the Department or Federal government.

GLS FY 2023 Key Performance Indicators and Results

ENHANCED SEAWAY INSPECTIONS

"Inspect 100 percent of ocean vessels during their first Seaway inbound transit at Montréal, Qué., outside of U.S. waters, each navigation season." The goal was achieved during the 2022 navigation season, with 246 vessel inspections or assessments completed by GLS personnel. In 2023, through September 30, 100 percent of foreign-flag vessels were either inspected or assessed for compliance.

SYSTEM RELIABILITY

"Ensure the reliability of the U.S. portion of the Seaway, including the U.S. locks and related navigational facilities, during each navigation season." The goal each year is 99 percent system reliability. System reliability during the 2023 navigation season, through September 30, was 98.4 percent. Final FY 2023 system reliability was 98.7 percent.

LOCK AVAILABILITY

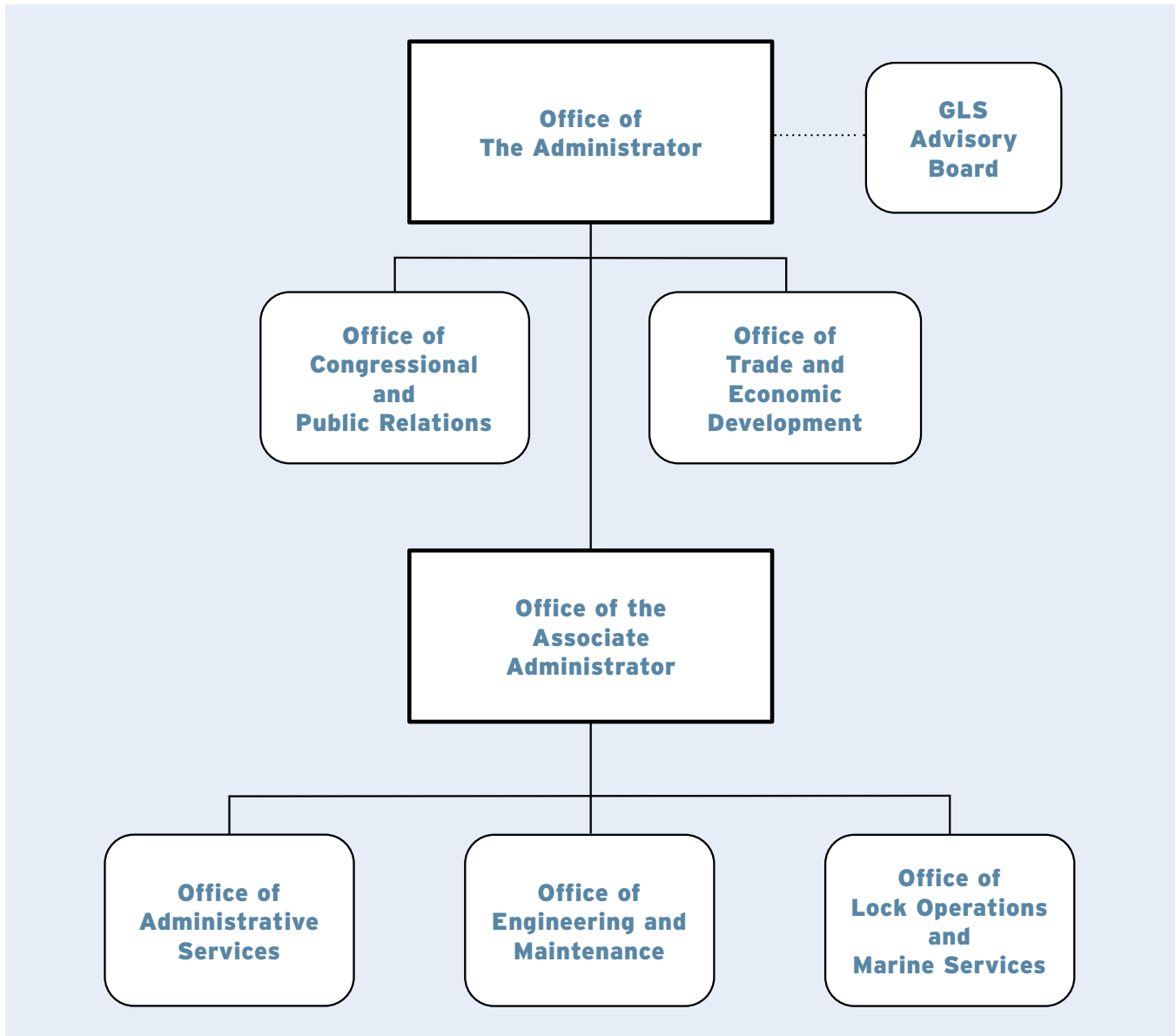
"Minimize vessel delays due to lock equipment failure or malfunction." The goal each year is 99.75 percent lock availability. Lock availability during the 2023 season, through September 30, was 99.96 percent. Final FY 2023 lock-related delays totaled 2 hours, 25 minutes, which produced a 99.96 percent lock availability rate.

ADMINISTRATIVE EXPENSES

"Reduce the administrative overhead expense ratio of total operating expenses, excluding ARP projects, depreciation, and imputed expenses, to 23 percent or lower." The administrative expense ratio goal in FY 2023 was 19 percent.



Great Lakes St. Lawrence Seaway Development Corporation Organization Chart



The GLS has a statutorily mandated five-member Advisory Board, which reviews the general policies of the GLS and advises the Administrator with respect to these policies. The members of the Advisory Board are appointed by the President with the advice and consent of the U.S. Senate. Not more than three of the members shall belong to the same political party. The Advisory Board must meet at least once every 90 days.

In FY 2023, there were currently three active members on the GLS's Advisory Board:

David J. McMillan
Chairman
Acting Chancellor
U-M Duluth
Duluth, Minn.

William J. Mielke
Member
Chairman of the Board,
Ruekert/Mielke
Waukesha, Wis.

Arthur H. Sulzer Ed. D.
Member
Captain USN-Ret
Arthur H. Sulzer Associates, Inc.
Glen Mills, Pa.



U.S. Department
Of Transportation

**Great Lakes
St. Lawrence Seaway
Development Corporation**

Memorandum

Subject: Federal Managers' Financial Integrity Act
(FMFIA) Assurance Statement

Date: October 26, 2023

From: Adam Tindall Schlicht
Administrator

To: Jason Allmond
Managing Member
Allmond & Company, LLC

Pursuant to Section 306 of the Chief Financial Officers Act of 1990, the Great Lakes St. Lawrence Seaway Development Corporation (Corporation) is required to provide a statement on internal accounting and administrative control systems consistent with the requirements of the Federal Managers' Financial Integrity Act (FMFIA) of 1982. An evaluation of the system of internal accounting and administrative control of the Corporation in effect during the year ended September 30, 2023, was performed in accordance with "Guidelines for Evaluation and Improvement of and Reporting on Internal Control Systems in the Federal Government," issued by the Director of the Office of Management and Budget, in consultation with the Comptroller General, as required by the FMFIA, and accordingly included an evaluation of whether the system of internal accounting and administrative control of the Corporation was in compliance with the standards prescribed by the Comptroller General.

The objectives of the system of internal accounting and administrative control of the Corporation are to provide reasonable assurance that:

- Obligations and costs are in compliance with applicable laws;
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
- Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports, and to maintain accountability over the assets.

The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived therefrom, and that the benefits consist of reductions in the risks of failing to achieve the stated objectives. Estimates and judgments are required to assess the expected benefits and related costs of control procedures. Furthermore, errors or irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, Congressional restrictions, and other factors. Finally, projection of any evaluation of the system to future periods is subject to the risk that procedures may be inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

A material weakness or non-conformance is a specific instance of non-compliance with the Integrity Act. Such weakness would significantly impair the fulfillment of an agency component's mission; deprive the public of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; or result in a conflict of interest. Each material non-conformance in a financial system merits the attention of the agency head/senior management, the Executive Office of the President, or the relevant Congressional oversight committee; prevents the primary agency's financial system from achieving central control over agency financial transactions and resource balances; and/or prevents conformance of financial systems with financial information standards and/or financial system functional standards.

The results of the evaluations described in the second paragraph, assurances given by appropriate Corporation officials, and other information provided indicate that the system of internal accounting and administrative control of the Corporation in effect during the year ended September 30, 2023, taken as a whole, complies with the requirement to provide reasonable assurance that the above-mentioned objectives were achieved within the limits described in the preceding paragraph. The evaluation did not disclose any material weaknesses or non-conformances in the internal accounting and administrative control system in FY 2023 and prior years.



U.S. Department
Of Transportation

**Great Lakes
St. Lawrence Seaway
Development Corporation**

Memorandum

Subject: Management's Response to the GLS's
Financial Statements Audit Report
for Fiscal Year 2023

Date: November 6, 2023

A handwritten signature in black ink, appearing to read 'Adam Tindall-Schlicht'.

From: Adam Tindall-Schlicht
Administrator

To: Jason Allmond
Managing Member
Allmond & Company, LLC

This memorandum represents the Great Lakes St. Lawrence Seaway Development Corporation's (GLS) official management response to the Fiscal Year (FY) 2023 financial statements audit report, dated November 6, 2023.

We are pleased that your audit team that performed the GLS's FY 2023 financial statements audit provided an unmodified audit opinion – the GLS's 60th consecutive clean audit opinion dating back to its first financial statements audit in 1955.

We concur with the findings and the lone significant deficiency identified in the audit report related to the unit costs of operating materials and supplies. The GLS has already begun to address this finding and will work to implement corrective actions by April 30, 2024.

We appreciate the professionalism and cooperation exhibited by the audit team during this year's audit. The combined efforts and teamwork of the Allmond & Company and GLS staffs were critical to achieving the objectives of the financial audit process.

Please refer any questions to Carrie Rogers, Director, Office of Administrative Services.




U. S. Department of Transportation
Office of Inspector General

Memorandum

Date: November 13, 2023

Subject: ACTION: Quality Control Review of the Independent Auditor's Report on the Great Lakes St. Lawrence Seaway Development Corporation's Audited Financial Statements for Fiscal Years 2023 and 2022 | Report No. QC2024005

From: Dormayne "Dory" Dillard-Christian 
Assistant Inspector General for Financial Audits

To: Administrator, Great Lakes St. Lawrence Seaway Development Corporation

I respectfully submit the results of our quality control review (QCR) of the independent auditor's report on the Great Lakes St. Lawrence Seaway Development Corporation's (GLS) audited financial statements for fiscal years 2023 and 2022.

We contracted with the independent public accounting firm Allmond & Company LLC (Allmond) to audit GLS's financial statements as of and for the fiscal year ended September 30, 2023, provide an opinion on those financial statements, report on internal control over financial reporting, and report on compliance with laws and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted Government auditing standards, Office of Management and Budget audit guidance, and the Government Accountability Office's (GAO) and Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*.¹ The Office of Inspector General (OIG) for the Department of Transportation (DOT) audited GLS's fiscal year 2022 financial statements and expressed an unmodified opinion on those statements.²

We appreciate the cooperation and assistance of GLS's representatives and Allmond. If you have any questions about this report, please contact me or Ingrid Harris, Program Director.

cc: GLS Administrator
GLS Liaison

¹ GAO, *Financial Audit Manual*, Volume 1 (GAO-22-105894), Updated May 2023; Volume 2 (GAO-22-105895), Updated May 2023; Volume 3 (GAO-21-105127), updated June 2023.

² *Independent Auditor's Report on GLS's Audited Financial statements for Fiscal Years 2022 and 2021* (OIG Report No. FS2023006), November 15, 2022. Our report can be found on our website, www.oig.dot.gov.

Independent Auditor's Report

In their report on GLS's financial statements for the fiscal year 2023, Allmond states that:

- GLS's financial statements³ (see attachment 3) were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;
- Allmond found one significant deficiency⁴ in internal control over financial reporting that it did not consider to be a material weakness;⁵ and
- there were no instances of reportable noncompliance with provisions of laws tested, or reportable other matters.

Allmond made two recommendations to address the significant deficiency in internal control over financial reporting (see attachment 1).

Significant Deficiencies

Understatement of the Balance of Operating Materials & Supplies

Allmond determined that internal control relating to the valuation of Operating Materials and Supplies (OM&S) was not properly designed and implemented in order to prevent or detect and correct errors in unit costs that were entered into the inventory tracking system. Specifically, historical cost information was not entered correctly into the inventory tracking system, did not agree with the supporting documentation, or supporting documentation was not retained.

³ The financial statements are included in GLS's Annual Financial Report (see attachment 3). For GLS's full Annual Financial Report, which includes these statements, related notes, and required supplementary information, go to <https://www.seaway.dot.gov/publications/annual-reports>.

⁴ A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness but important enough to merit attention by those charged with governance. 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.

⁵ A material weakness is a deficiency, or a combination of deficiencies, 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.

Recommendations

Allmond made the following recommendations to GLS management to strengthen GLS's controls over OM&S:

1. GLS should amend its procedures relating to the annual count and valuation of OM&S to include verification of unit and total costs. This should include locating or reconstructing source documentation for the total quantity on hand for each item and matching the costs entered in the system to the source documents.
2. GLS should determine how average costs are calculated within the inventory tracking system. If the average cost in the system for specific inventory items does not represent the average cost of inventory on hand, the average cost in the system should be periodically adjusted when the annual inventory is performed or at year-end.

Quality Control Review

We performed a QCR of Allmond's report dated November 6, 2023, and related documentation, and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted Government auditing standards, was not intended to enable us to express, and we do not express, an opinion on GLS's financial statements or conclusions about the effectiveness of internal control over financial reporting, or compliance with laws and other matters. Allmond is responsible for its report and the conclusions expressed therein.

Our QCR disclosed no instances in which Allmond did not comply, in all material respects, with U.S. generally accepted Government auditing standards.

Agency Comments and OIG Response

Allmond provided GLS with its draft report on November 3, 2023, and received GLS's response, dated November 6, 2023 (see attachment 2). GLS also concurred with Allmond's two recommendations and committed to developing a corrective action plan to address the deficiency by December 31, 2023. We agree with Allmond's recommendations and are not making any additional recommendations.

Actions Required

We consider Allmond's two recommendations open and unresolved pending receipt of the corrective action plan.



ALLMOND & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

7501 FORBES BOULEVARD, SUITE 200
LANHAM, MARYLAND 20706(301) 918-8200
FACSIMILE (301) 918-8201

Independent Auditor's Report

Administrator, Great Lakes St. Lawrence Seaway Development Corporation
Inspector General, U.S. Department of Transportation

Report on the Financial Statements

Opinion

Pursuant to Section 9105 of the Government Corporation Control Act of 1945¹, we have audited the accompanying financial statements of the Great Lakes St. Lawrence Seaway Development Corporation (GLS), which comprise the Statement of Financial Position as of September 30, 2023; the related Statement of Operations and Changes in Cumulative Results of Operations, and Statement of Changes in Equity of the U.S. Government, and Statement of Cash Flows, for the fiscal year then ended; and the related notes to the financial statements (hereinafter referred to as the financial statements).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Great Lakes St. Lawrence Seaway Development Corporation as of September 30, 2023 and its operations and changes in cumulative results of operations, changes in equity of the U.S. Government, and cash flows for the fiscal 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 U.S. generally accepted auditing standards (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 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 GLS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of GLS as of and for the fiscal year ended September 30, 2022 were audited by another auditor, who expressed an unmodified opinion on those statements on November 15, 2022. These statements were not audited, reviewed, or compiled by us; accordingly, we do not express an opinion or provide any other form of assurance on them.

¹ 31 United States Code (U.S.C.) § 9105

Responsibilities of Management for the Financial Statements

Management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) the preparation, measurement, and presentation of Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles; (3) the preparation and presentation of other information included in GLS's Annual Report and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) the design, implementation, and maintenance of effective 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) 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 of the financial statements conducted in accordance with GAAS, generally accepted government auditing standards (GAGAS), and OMB Bulletin No. 24-01 will always detect a material misstatement or material weakness 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, including omissions, are considered to be 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 GAAS, GAGAS, and OMB Bulletin No. 24-01, we exercise professional judgment and maintain professional skepticism throughout the audit; identify and assess risks of material misstatement of the financial statements, whether due to fraud or error; and design and perform audit procedures that are responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. In addition, in making those risk assessments, we obtain an understanding of internal control relevant to an audit 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 GLS's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements, and performing other procedures we consider necessary in the circumstances. 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 financial statement audit.

Required Supplementary Information (RSI)

U.S. generally accepted accounting principles issued by the Financial Accounting Standards Board (FASB) require that the information in the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is

Independent Auditor's Report

required by FASB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of GLS's financial statements, in order to report omissions or material departures from FASB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

GLS's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in GLS's Annual Report. The other information comprises the *Letter from the Administrator, Key Performance Measures and Results*, and *Other Information* sections, as listed in the Table of Contents of GLS's Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audit of GLS's financial statements, we considered GLS's internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies² or to express an opinion on the effectiveness of GLS's internal control over financial reporting. Given these limitations, during our 2023 audit, we did not identify any deficiencies in internal control over financial

² 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 over financial reporting, 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 over financial reporting that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Independent Auditor's Report

reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

During our fiscal year 2023 audit, we identified a deficiency in GLS's internal control over financial reporting that we consider to be a significant deficiency. This deficiency is described in the accompanying *Exhibit I, Findings and Recommendations*, to this report. We considered this significant deficiency in determining the nature, timing, and extent of our audit procedures on GLS's fiscal year 2023 financial statements. Although the significant deficiency in internal control did not affect our opinion on GLS's fiscal year 2023 financial statements, misstatements may occur in unaudited financial information reported internally and externally by GLS because of this significant deficiency.

In addition, we also identified deficiencies in GLS's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies that, nonetheless, warrant management's attention. We have communicated these matters to GLS management and, where appropriate, will report on them separately.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to GLS's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

Responsibilities of Management for Internal Control over Financial Reporting

GLS management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of GLS's financial statements as of and for the fiscal year ended September 30, 2023, in accordance with U.S. generally accepted government auditing standards, we considered GLS's internal control relevant to the financial statement 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 GLS's internal control over financial reporting. Accordingly, we do not express an opinion on GLS's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material

Independent Auditor's Report

effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of GLS's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of GLS's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audit of GLS's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2023 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to GLS. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

GLS management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to GLS.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to GLS that have a direct effect on the determination of material amounts and disclosures in GLS's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to GLS. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose for Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provision of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to

Independent Auditor's Report

provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Agency Comments

We provided GLS with a draft of our report on November 3, 2023, and received GLS's response on November 6, 2023. GLS's response to our report was not subjected to the auditing procedures that we applied to our audit of the financial statements and, therefore, we express no opinion on the response.

Allmond & Company, LLC

Lanham, MD
November 6, 2023

Independent Auditor's Report

Findings and Recommendations
Exhibit I – Significant Deficiency**Incorrect Unit Costs Resulted in Understatement of the Balance of Operating Materials & Supplies (2023-01)****CONDITION**

An internal control relating to the valuation of Operating Materials and Supplies (OM&S) was not properly designed and implemented in order to prevent or detect and correct errors in unit costs that were entered into the inventory tracking system.

During our testing of OM&S for the Great Lakes St. Lawrence Seaway Development Corporation (GLS), we identified the following error:

- For 3 of 25 samples, the unit and total costs did not agree with the supporting documentation or supporting documentation was not readily available or reliable.

CRITERIA

Financial Accounting Standards Board (FASB) Accounting Standards Codification 330-10-30-1, Cost Basis, states, “

FASB Accounting Standards Codification 330-10-30-9, Determination of Inventory Costs, states, “Cost for inventory purposes may be determined under any one of several assumptions as to the flow of cost factors, such as first-in first-out (FIFO), average, and last-in first-out (LIFO). The major objective in selecting a method should be to choose the one which, under the circumstances, most clearly reflects periodic income.”

FASB Accounting Standards Codification 330-10-30-12, Determination of Inventory Costs, states, “Standard costs are acceptable if adjusted at reasonable intervals to reflect current conditions so that at the balance-sheet date standard costs reasonably approximate costs computed under one of the recognized bases. In such cases descriptive language shall be used which will express this relationship, as, for instance, "approximate costs determined on the first-in first-out basis," or, if it is desired to mention standard costs, "at standard costs, approximating average costs.”

The Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*, Principle 10.01: Design Control Activities, states, “Management should design control activities to achieve objectives and respond to risks. The following attributes contribute to the design, implementation, and operating effectiveness of this principle:

- Response to Objectives and Risks
- Design of Appropriate Types of Control Activities

Independent Auditor's Report

Findings and Recommendations
Exhibit I – Significant Deficiency

- Design of Control Activities at Various Levels
- Segregation of Duties.”

GAO *Standards for Internal Control in the Federal Government*, Section 10.03 Design of Appropriate Types of Control Activities, *Appropriate Documentation of Transactions and Internal Control*, states, “Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination...Documentation and records are properly managed and maintained.”

CAUSE

- Historical cost information was not entered correctly into the inventory tracking system, did not agree with the supporting documentation, or supporting documentation was not retained.
- The Corporation's current inventory tracking and management system was placed into service in 2017. Records for inventory items purchased before that date were not entered into the system.
- GLS personnel are not certain about how average costs are calculated over time within the inventory tracking system.
- During the performance of GLS's annual count and cost verification process, the personnel performing the annual inventory verified the number of items on hand, but did not match the unit cost in the system to supporting documentation and therefore did not identify that the unit cost information entered into the system was inaccurate or absent.

EFFECT

- Actual understatement of the OM&S balance is \$4,553.01 for this sample; the projected understatement of the balance at year-end is \$29,819.81.
- Increased risk that the average cost used to calculate the value of other OM&S inventory items may be incorrect or be diluted over time.
- Increased risk of additional under- or overstatements for other OM&S items, resulting in potential future misstatements of Operating Expenses when the items are used in production or disposed of.

RECOMMENDATION

We recommend that:

- GLS amend its procedures relating to the annual count and valuation of OM&S to include verification of unit and total costs. This should include locating or reconstructing source

Independent Auditor's Report

Findings and Recommendations
Exhibit I – Significant Deficiency

documentation for the total quantity on hand for each item and matching the costs entered in the system to the source documents.

- GLS determine how average costs are calculated within the inventory tracking system. If the average cost in the system for specific inventory items does not represent the average cost of inventory on hand, the average cost in the system should be periodically adjusted when the annual inventory is performed or at year-end.

MANAGEMENT RESPONSE

Management concurs with the condition and will consider the recommendation provided when determining if a corrective action plan should be developed once the audit concludes.

General Comments

The GLS concurs with the condition, based on the results of the initial sampling. The GLS will await the results from the year-end review of the OM&S inventory before developing a corrective action plan to address net cost discrepancies. Since receiving this Notice of Findings and Recommendations (NFR), the GLS performed an internal analysis on approximately 100 items in the OM&S inventory and identified a net discrepancy of \$611 out of a total of \$141,500, which represented only a 0.45% variance.

AUDITOR RESPONSE

We will perform follow up procedures during FY 2024 to determine if corrective action has been fully implemented.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

Assets	2023	2022
Current Assets		
Cash		
Held by U.S. Treasury	\$ 46,115,155	\$ 47,739,592
Held in banks and on hand	4,892	3,609
Short-term time deposits in minority banks (Note 3)	9,520,000	9,760,000
Accounts receivable (Note 4)	197,135	106,750
Due from SIBC (Note 6)	548,634	655,319
Operating materials and supplies (Note 2)	547,433	442,801
Other current assets (Note 4)	19,795	13,810
Total current assets	56,953,044	58,721,881
Long-Term Investments		
Long-term time deposits in minority banks (Note 3)	240,000	480,000
Plant, Property and Equipment		
Plant in service (Note 5)	327,225,382	317,048,001
Less: Accumulated depreciation	(154,556,950)	(147,226,741)
Net plant in service	172,668,432	169,821,260
Information Software, net	43,797	62,744
Work in progress	13,500,833	8,933,680
	186,213,062	178,817,684
Other Assets		
Lock spare parts (Note 2)	1,499,615	1,664,937
Total assets	\$ 244,905,721	\$ 239,684,502

The accompanying notes are an integral part of these financial statements.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

Liabilities and Equity of the U.S. Government	2023	2022
Current Liabilities		
Accounts payable	\$ 4,396,286	\$ 3,933,582
Accrued annual leave (Note 2)	1,012,117	906,228
Accrued payroll costs	953,955	843,601
Other Current Liabilities	4,892	3,609
Total current liabilities	<u>6,367,250</u>	<u>5,687,020</u>
Actuarial Liabilities		
Worker's compensation benefits (Note 2)	5,950,718	5,287,838
Total liabilities	<u>12,317,968</u>	<u>10,974,858</u>
Equity of the U.S. Government		
Invested capital (Note 2)	201,778,867	194,379,488
Cumulative results of operations	30,260,252	33,674,837
Cumulative results of SIBC restricted use fund (Note 6)	548,634	655,319
	<u>232,587,753</u>	<u>228,709,644</u>
Total liabilities and equity of the U.S. Government	<u>\$ 244,905,721</u>	<u>\$ 239,684,502</u>

The accompanying notes are an integral part of these financial statements.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF OPERATIONS AND CHANGES IN CUMULATIVE RESULTS OF OPERATIONS
For the Years Ended September 30, 2023 and 2022

	2023	2022
Operating Revenues		
Appropriations expended	\$ 23,083,933	\$ 27,369,641
Imputed financing (Note 9)	1,279,139	\$837,838
Other (Note 7)	963,696	953,087
Total operating revenues	<u>25,326,768</u>	<u>29,160,566</u>
Operating Expenses (Note 8)		
Locks and marine operations	7,956,481	6,749,507
Maintenance and engineering	7,911,979	8,802,060
General and development	5,500,540	4,771,977
Administrative expenses	5,128,754	3,720,024
Depreciation	8,016,688	7,661,615
Imputed expenses (Note 9)	1,279,139	837,838
SIBC payments	517,074	343,068
Worker's compensation benefits (Note 2)	662,880	191,698
Total operating expenses	<u>36,973,535</u>	<u>33,077,787</u>
Operating loss	(11,646,767)	(3,917,221)
Other Financing Sources		
Interest on deposits in minority banks	215,494	47,431
Transfer from invested capital for depreciation	8,016,688	7,661,615
Total other financing sources	<u>8,232,182</u>	<u>7,709,046</u>
Operating revenues and other financing sources		
over (under) operating expenses	(3,414,585)	3,791,825
Beginning cumulative results of operations	33,674,837	29,883,012
Ending cumulative results of operations	\$ 30,260,252	\$ 33,674,837
SIBC Restricted Use Fund Activity (Note 6)		
Interest earned	16,370	7,809
Foreign currency exchange	8,982	(115,974)
Total SIBC revenues	<u>25,352</u>	<u>(108,165)</u>
Bridge repairs	132,037	882,586
SIBC restricted fund (loss) gain	<u>(106,685)</u>	<u>(990,751)</u>
Beginning cumulative results of SIBC restricted use fund	655,319	1,646,070
Ending cumulative results of SIBC restricted use fund	\$548,634	\$655,319

The accompanying notes are an integral part of these financial statements.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY OF THE U.S. GOVERNMENT
For the Years Ended September 30, 2023 and 2022

	Invested Capital	Unexpended Appropriations	Cumulative Results of Operations	Cumulative Results of SIBC Restricted Use Fund
Balance, September 30, 2021	\$ 191,404,097	-	\$ 29,883,012	\$ 1,646,070
Appropriations expended	-	(27,369,641)	27,369,641	-
Fiscal Year 2022 appropriations	-	38,000,000	-	-
Other financing sources	-	6,647	1,838,356	(108,165)
Operating expenses, excluding depreciation and imputed expenses	-	-	(24,386,636)	(882,586)
Depreciation expense	-	-	(7,661,615)	-
Imputed expenses	-	-	(837,838)	-
Workers' compensation actuarial	-	-	(191,698)	-
Transfer from invested capital for depreciation	(7,661,615)	-	7,661,615	-
Capital expenditures	10,637,006	(10,637,006)	-	-
Balance, September 30, 2022	\$ 194,379,488	\$ -	\$ 33,674,837	\$ 655,319
Appropriations expended	-	(23,083,933)	23,083,933	-
Fiscal Year 2023 appropriations	-	38,500,000	-	-
Other financing sources	-	-	2,458,329	25,352
Operating expenses, excluding depreciation and imputed expenses	-	-	(27,014,828)	(132,037)
Depreciation expense	-	-	(8,016,688)	-
Imputed expenses	-	-	(1,279,139)	-
Workers' compensation actuarial	-	-	(662,880)	-
Transfer from invested capital for depreciation	(8,016,688)	-	8,016,688	-
Capital expenditures	15,416,067	(15,416,067)	-	-
Balance, September 30, 2023	\$ 201,778,867	\$ -	\$ 30,260,252	\$ 548,634

The accompanying notes are an integral part of these financial statements.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Operating revenues and other financing sources over (under) operating expenses	\$ (3,414,585)	\$ 3,791,825
Adjustments to reconcile operating revenues and other financing sources over operating expenses to net cash provided by (used in) operating activities:		
Depreciation	8,016,688	7,661,615
Transfer from invested capital for depreciation	(8,016,688)	(7,661,615)
Net (gain) loss on property disposals	4,000	(30,008)
Change in assets and liabilities:		
Accounts receivable	(90,385)	60,192
Operating materials and supplies	(104,632)	13,644
Other current assets	(5,985)	(9,681)
Other assets	165,322	(18,338)
Accounts payable	462,704	860,774
Accrued liabilities	216,244	45,110
Other Current Liabilities	1,283	609
Actuarial Liabilities (Note 2)	662,880	191,698
Net cash provided (used in) by operating activities	<u>(2,103,154)</u>	<u>4,905,825</u>
Cash flows from investing activities:		
Proceeds from plant, property and equipment disposals	-	34,330
Acquisition of plant, property and equipment	(15,416,067)	(10,637,006)
Net (increase) decrease in time deposits	480,000	(40,000)
Net cash used in investing activities	<u>(14,936,067)</u>	<u>(10,642,676)</u>
Cash flows from financing activities:		
Appropriations for plant, property and equipment	15,416,067	10,637,006
Net increase (decrease) in cash	(1,623,154)	4,900,155
Cash at beginning of year	47,743,201	42,843,046
Cash at end of year	\$ 46,120,047	\$ 47,743,201

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Note 1. The Great Lakes St. Lawrence Seaway Development Corporation

The Great Lakes St. Lawrence Seaway Development Corporation (the "Corporation"), a wholly owned government corporation within the U.S. Department of Transportation, was created by the Wiley-Dondero Act of May 13, 1954 (68 Stat. 92, 33 U.S.C. 981), as amended. The Corporation is responsible for the development, seasonal operation and maintenance of the portion of the St. Lawrence Seaway (the "Seaway") between Montreal and Lake Erie, and within the territorial limits of the United States.

Note 2. Summary of Significant Accounting Policies

These financial statements have been prepared to report the financial position, results of operations, and cash flows of the Corporation, as required by the Chief Financial Officers Act of 1990. They have been prepared from the books and records of the Corporation in accordance with generally accepted accounting principles as set forth for Federal Government Corporations, and the Corporation's accounting policies and procedures, which are summarized below. The accounting policies and procedures are consistent with Title 2 of the U.S. Government Accountability Office's *Policy and Procedures Manual for Guidance of Federal Agencies*.

Operating materials and supplies consist primarily of expendable personal property to be consumed in normal operations and are valued at cost or market with cost being determined using the weighted-average method.

All lock spare parts are included and tracked in Operating Materials and Supplies with no depreciation and continue to be disclosed on the balance sheet under Other Assets. The total cost of lock spare parts at September 30, 2023 was \$1,499,615.

Plant, property, and equipment are stated at cost of acquisition or construction. Indirect costs incurred prior to the opening of the Seaway on April 25, 1959, have been allocated to the permanent features of the Seaway. Assets, improvements, and betterments costing \$20,000 or more are capitalized when they have an expected useful life of two years or more. Repairs and maintenance costs are expensed. The straight-line method of depreciation is used and is computed on balances in plant in service. The cost of plant retired, and the accumulated depreciation are removed from the accounts on disposal. Gains or losses on disposals are credited or charged to operations.

Accrued annual leave represents the value of the unused annual leave accrued to employees of the Corporation. The leave is funded and reported as an obligation.

The Corporation funds a program administered by the U.S. Department of Labor to compensate certain employees for death and disability resulting from performance of duty injuries or illnesses as set forth in the Federal Employees Compensation Act (FECA). As provided by FECA, employees and certain dependents are beneficiaries for various periods that can extend to life. The Corporation recognizes current costs of the program on an accrual basis and expenses those costs in the year the benefits are due. Effective with fiscal year (FY) 1994, the actuarial liability of these benefits is recognized and recorded in these financial statements. The liability recorded of \$5,950,718 and \$5,287,838 at September 30, 2023 and 2022, respectively, reflects the actuarial liability as determined by the Department of Labor.

INVESTED CAPITAL

The Corporation was initially funded by revenue bonds issued by the U.S. Treasury. On December 18, 1982, Congress cancelled the outstanding revenue bonds of \$109,976,000 (P.L. 97-369, 96 Stat. 1782). With cancellation of the debt, the amount was converted to invested capital. Since FY 1987, when the Corporation began receiving annual appropriations from the Harbor Maintenance Trust Fund (HMTF), capital expenditures and annual depreciation have been recognized in invested capital.

BUDGET AUTHORITY

The Corporation was apportioned authority by the Office of Management and Budget (OMB) to obligate a maximum amount of \$56,400,000 for FY 2023, \$38,500,000 from the HMTF (P.L. 117-328) and \$17,900,000 from the Corporation's unobligated balance and non-federal revenues. Actual obligations, in contrast to the accrued costs stated in the Statement of Operations, totaled \$41,003,342 for FY 2023. The Corporation's unobligated balance at September 30, 2023 totaled \$42.4 million, including \$3.2 million in unused borrowing authority. For FY 2024, the Corporation is currently operating on a Continuing Resolution based on the FY 2023 level of \$38,500,000. In addition, authority to obligate \$1,000,000 of non-federal revenues and \$5,047,350 from the Corporation's unobligated balance has been apportioned by OMB for FY 2024.

Note 2. Summary of Significant Accounting Policies (continued)**STATEMENTS OF CASH FLOW**

For purposes of financial reporting, the Corporation considers cash to be cash held in the U.S. Treasury, cash in banks and cash on hand.

USE OF ESTIMATES

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

Note 3. Time Deposits in Minority Banks

The Corporation maintains insured deposits in a number of minority banks throughout the United States to help expand opportunities for minority business enterprises. These deposits consist mainly of the Corporation's unobligated balance, which is retained for emergency situations.

Note 4. Accounts Receivable and Other Current Assets

The Corporation has not provided for an allowance on uncollectible receivables because prior losses have been insignificant. Receivables and other current assets as of September 30, 2023 and 2022 are as follows:

	2023	2022
Due from concession contract	\$ 142,773	\$ 69,169
Interest on deposits in minority banks	48,237	28,952
Other	6,125	8,629
	197,135	106,750
Prepaid Contracts – Non-federal	–	–
Prepaid Contracts – Federal	19,795	13,810
Total	\$ 216,930	\$ 120,560

Note 5. Plant in Service

Plant in service as of September 30, 2023 and 2022 is as follows:

Plant in Service	Estimated Life (Years)	2023		2022	
		Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Locks and guidewalls	40-100	\$ 181,695,266	\$ 77,606,633	\$ 180,095,704	\$ 72,994,807
Permanent operating equipment	5-40	55,231,138	16,093,036	46,617,414	14,689,431
Channels and canals	95	37,759,075	25,216,322	37,759,075	24,769,977
Buildings, grounds, and utilities	50	26,928,364	16,232,110	27,276,719	15,685,158
Roads and bridges	50	13,947,236	12,773,377	13,947,236	12,462,033
Land rights and relocations	95	7,225,112	3,900,642	7,225,112	3,788,571
Navigation aids	10-40	3,571,865	2,734,830	3,259,415	2,836,764
Lands in fee	N/A	867,326	–	867,326	–
Total plant in service		\$ 327,225,382	\$ 154,556,950	\$ 317,048,001	\$ 147,226,741

Note 5. Plant in Service (continued)

The U.S. portion of the St. Lawrence Seaway was built in the 1950s. The GLS's Seaway Infrastructure Program (SIP) addresses the long-term capital asset renewal needs of the U.S. Seaway infrastructure. The start of the GLS's capital infrastructure program in FY 2009 represented the first time in the GLS's history that a comprehensive effort had been undertaken to modernize the Seaway infrastructure, including rehabilitation of and improvements to the U.S.-operated locks, the navigation channels, the Seaway International Bridge, and other Corporation facilities and assets located in Upstate New York. The total amount that has been expended and/or committed (including open obligations) in the infrastructure renewal program through September 30, 2023 amounted to \$225 million.

Plant in Service includes costs of certain features of the South Channel Span of the Seaway International Bridge, which is discussed in Note 6. These features include land rights and relocation costs incurred in removing the old bridges, which were a hindrance to navigation, and in building the superstructure of the South Channel Span. The gross amounts of \$7,225,112 in land rights and relocations, and \$13,947,236 in roads and bridges have been depreciated accordingly.

Included in Plant in Service is Internal Use Software with a total cost for these systems at \$1,846,376 and total amortization amounted to \$1,802,578 at September 30, 2023.

Construction in progress represents the Corporation's ongoing major projects. These projects are strategically vital for the Corporation's future operations. The balance of the Construction in Progress as of September 30, 2023 is \$13,500,833. The two major projects and their CIP balances are the construction of the new Seaway Visitor Center at Eisenhower Lock, \$7,191,129 and the replacement of the diffusers at Snell lock, \$5,440,889.

Note 6. Due from the Seaway International Bridge Corporation, Ltd. (SIBC)

The Corporation owns, on behalf of the U.S. Government, 68 percent of the South Channel Span of the Seaway International Bridge operated by the SIBC, a wholly owned subsidiary of The Federal Bridge Corporation Ltd., a federal Crown Corporation of Canada. To maintain oversight of the SIBC, the Corporation designates four senior Corporation officials to serve on the eight member SIBC Board of Directors.

The net annual income from the SIBC, after all operating expenses, is divided equally between the Corporation and The Federal Bridge Corporation Ltd. The Corporation's portion, if any, is held by the SIBC solely to fund structural repair or project costs to the South Channel Span as provided in the Corporation's enabling act (33 U.S.C. 984(a)(12)). Accordingly, SIBC holds, on behalf of the Corporation, cash which is restricted to use on expenses for the South Channel Span as follows:

	2023	2022
Beginning Balance, 10/1/2022	\$ 655,319	\$ 1,646,070
Interest Earned	16,370	7,809
Bridge Repairs/Improvements	(132,037)	(882,586)
Foreign Currency Exchange	8,982	(115,974)
Ending Balance, 9/30/2023	\$ 548,634	\$ 655,319

The ending balance is disclosed as an asset, Due from SIBC, and equity, Cumulative results of SIBC restricted use fund. The activity for FY 2023 and FY 2022 is disclosed on the Statements of Operations and Changes in Cumulative Results of Operations. South Channel Span bridge repairs in FY 2023 included net expenditures of \$132,037 for sidewalk repairs, pedestrian rail improvements, and the completion of the rocker arm replacement project.

Note 7. Other Revenues

Other revenues for the years ended September 30, 2023 and 2022 consist of the following:

	2023	2022
Concession operations	\$ 797,783	\$ 722,326
Pleasure craft/non-commercial tolls	64,682	66,476
Rental of administration building	50,171	46,886
Rebates	36,400	26,056
Miscellaneous, net	14,660	82,572
Payments for damages to locks, net	-	8,771
Total	\$ 963,696	\$ 953,087

Payments for damages are reported net of direct materials and direct labor costs. Reimbursements for direct materials and direct labor are recorded as reductions of the related expense accounts.

Note 8. Operating Expenses by Object Class

Operating expenses by object class for the years ended September 30, 2023 and 2022 are as follows:

	2023	2022
Personnel services and benefits	\$ 17,161,573	\$ 15,286,086
Contractual services	6,119,358	6,247,430
Supplies and materials	2,456,412	1,938,223
SIBC Payments	517,074	343,068
Travel and transportation	266,486	132,039
Equipment not capitalized	247,895	223,536
Rental, communications, and utilities	174,217	180,340
Printing and reproduction	67,813	65,922
(Loss)/gain on property disposals	4,000	(30,008)
Subtotal	27,014,828	24,386,636
Depreciation expenses	8,016,688	7,661,615
Imputed expenses	1,279,139	837,838
Workers compensation benefits	662,880	191,698
Total operating expenses	\$ 36,973,535	\$ 33,077,787

A Memorandum of Agreement (MOA) between the Corporation and the SIBC was entered into in April 2022, for a term of 12 months, to provide up to \$1.5 million to offset any revenue (toll collections) shortfalls needed to operate and maintain the bridge on a month-to-month basis. Thus, these Corporation payments to the SIBC are designated as operating expenses under contractual services. The activity for FY 2023 totaled \$517,074 and is disclosed on the Statements of Operations and Changes in Cumulative Results of Operations.

Note 9. Retirement Plans

Retirement Plans consist of the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). FERS went into effect, pursuant to Public Law 99-335, on January 1, 1987. Employees hired after December 31, 1983 are automatically covered by FERS and Social Security while employees hired prior to January 1, 1984 elected to either join FERS and Social Security or remain in CSRS. A primary feature of FERS is that it offers a savings plan to which the Corporation automatically contributes 1 percent of pay and matches any employee contributions up to an additional 4 percent of pay. For employees hired since December 31, 1983, the Corporation also contributes the employer's matching share for Social Security.

The Corporation paid contributions to the retirement plans and Social Security for the years ended September 30, 2023 and 2022 as follows:

	2023	2022
Federal Employees Retirement System:		
Automatic contributions	\$ 1,998,637	\$ 1,833,938
Matching contributions	421,022	382,940
Social Security	674,990	623,386
Civil Service Retirement System	12,682	15,225
Total	\$ 3,107,331	\$ 2,855,489

Effective with FY 1997, the Corporation recognizes and records the cost of pensions and other post-retirement benefits during employees' active years of service, based on cost factors provided by the Office of Personnel Management (OPM). These costs are recorded as both an expense paid by another entity and an imputed financing source to the receiving entity; therefore, they offset each other with no impact upon the Corporation's net position.

The imputed financing and offsetting imputed expense amounts for the years ended September 30, 2023 and 2022 were \$1,279,139 and \$837,838, respectively.

Note 10. Related Party Transactions

The Corporation receives rental payments for office space at its administration building in Massena, N.Y. For the years ended September 30, 2023 and 2022, revenue totaled \$50,171 and \$46,886 for space provided to the U.S. Coast Guard.

The Corporation leases office space at the U.S. Department of Transportation headquarters building in Washington, D.C. under the terms of an Intra-agency Agreement (IAA) with the General Services Administration (GSA). Costs for the years ended September 30, 2023 and 2022 of \$74,649 and \$59,690, respectively, are included in the reimbursable agreements listed below.

The Corporation has entered into reimbursable agreements with certain federal agencies to provide services and equipment to the Corporation. Reimbursable agreements with federal agencies for FY 2023 and FY 2022 were as follows:

	2023	2022
U.S. Department of the Interior	\$ 663,708	\$ 790,685
General Services Administration	74,649	59,690
U.S. Department of Transportation	62,082	451,744
U.S. Department of Defense	21,492	25,000
U.S. Department of Commerce	11,422	11,430
OPM Administrative Costs	8,750	8,300
Total	\$ 842,103	\$ 1,346,849

Accounts payable and accrued payroll benefits at September 30, 2023 and 2022 include \$1,705,925 and \$1,500,120 respectively, of amounts payable to the U.S. Government.

In FYs 2023 and 2022, the Corporation accrued costs of \$131,191 and \$123,257 respectively, to the Canadian St. Lawrence Seaway Management Corporation for administrative services related to tolls and statistics.

Note 11. Contingencies and Commitments

As of September 30, 2023, no material claims are pending against the Corporation. In addition to the current liabilities at September 30, 2023 and 2022 there were undelivered orders and contracts amounting to \$10,356,729 and \$13,506,137, respectively. For FY 2023, Federal Undelivered Orders totaled \$54,947 and Non-Federal Undelivered Orders were \$10,301,782 with \$0 paid.

Note 12. Schedule of Budgetary Resources and Actual Expenses

The Statement of Budgetary Resources and Actual Expenses presents budget information as reported on the Corporation's "Report on Budget Execution" SF-133 and reconciles accrued expenditures from that report to expenses as reported in the accompanying financial statements.

Budget resources of \$83,359,409 consist of the Corporation's unobligated balance of \$41,990,044 brought forward October 1, 2022, and reimbursements earned of \$39,587,964 and recoveries of prior year's obligations of \$1,781,401.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
SCHEDULE OF BUDGETARY RESOURCES AND ACTUAL EXPENSES (NOTE 12)
For the Year Ended September 30, 2023

----- Budget -----			
	Resources	Obligations	Expenses
Great Lakes St. Lawrence Seaway			
Development Corporation Fund	\$ 83,359,409	\$ 41,003,342	\$ 36,973,535
Budget Reconciliation:			
Total expenses			36,973,535
Adjustments			
Add:			
Capital acquisitions			15,416,067
Increase in operating materials and supplies			104,632
Deduct:			
Depreciation			(8,016,688)
Imputed expenses			(1,279,139)
Workers' compensation benefits			(662,880)
Decrease in other assets			(165,322)
Decrease in net plant in service, property disposals			(4,000)
Less reimbursements:			
Trust funds & Financing Sources Transferred In			(38,500,000)
Revenues from non-federal sources			(1,179,190)
Accrued expenditures			\$ 2,687,015

Contacts

Washington, D.C. Office

Administrator	(202) 366-0091
Deputy Administrator	(202) 366-0105
Executive Officer	(202) 366-6158
Strategic Advisor for Financial and Resources Management	(202) 366-8982
Congressional and Public Relations	(202) 366-4297
Trade and Economic Development	(202) 366-5418

Great Lakes Regional Office (Milwaukee, Wisconsin) (414) 551-3161

Massena, N.Y. Office

Associate Administrator and Resident Manager	(315) 764-3251
Chief Counsel	(315) 764-3231
Administrative Services	(315) 764-3272
Engineering and Maintenance	(315) 764-3254
Lock Operations and Marine Services	(315) 764-3293

Equal Employment Opportunity

The goal each year is to create and maintain a model Equal Employment Opportunity (EEO) program, as required under both Title VII of the Civil Rights Act of 1964 (Title VII), as amended, 42 U.S.C. § 2000e et seq., and Section 501 of the Rehabilitation Act of 1973 (Rehabilitation Act), as amended, 29 U.S.C. § 791 et seq. A model EEO program effectively considers and addresses concerns arising under both Title VII and Section 501 of the Rehabilitation Act.

During fiscal year 2023, EEO initiatives included a Quarterly Professional Development Series throughout the year for corporation supervisors. EEO training was conducted for all corporation employees. In addition, the corporation continued to ensure accessibility of EEO information on the website, along with an annual EEO Assessment of programs and policies.



U.S. Department of Transportation

**Great Lakes
St. Lawrence Seaway
Development Corporation**

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