Great Lakes St. Lawrence Seaway Development Corporation

Fiscal Year 2024 Annual Report

Contents

Letter from the Deputy Administrator

Anthony Fisher
Deputy Administrator

Dear Seaway Stakeholder:

I am pleased 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, 2024. The Allmond & Company Audit Report represents GLS's 61st consecutive unmodified audit opinion, reflecting our commitment to excellence since our first financial audit in 1955. I am grateful for this opportunity to lead GLS and its workforce as they are responsible for so much of the success of the Seaway System.

In FY 2024, the GLS's Trade and Economic Development activities remained robust. GLS hosted and attended 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 Italy and Spain.

Throughout FY 2024, we completed several major projects to rehabilitate and modernize our infrastructure as part of the GLS's Seaway Infrastructure Program (SIP). These projects not only extend the lifespan of our critical assets but also enhance operational efficiency and reduce maintenance costs. Since FY 2009, the GLS has obligated nearly $230 million on 66 separate capital infrastructure projects. One major capital project completed in FY 2024 was the construction of the new Seaway Visitor Center at Eisenhower Lock in Massena, N.Y. On May 13, 2024, top U.S. and Canadian dignitaries were on hand as the GLS celebrated the grand opening of its new visitor center, which provides a world class tourist attraction for the region.

The release of the most recent Infrastructure Investment Survey in FY 2024 reaffirms the importance of this vital conduit for North American trade. The survey results clearly showed that the U.S. and Canadian governments and maritime industries are jointly focused on supporting marine shipping through significant ongoing investment. The survey conservatively estimated that $8.4 billion had been or is committed to be spent on Great Lakes/Seaway infrastructure investments between 2018-2027. These investments sustain 241,286 U.S. and Canadian jobs and help contribute to the safe and efficient movement of the 135.7 million metric tons of cargo that moves along the Great Lakes St. Lawrence Seaway.

As we embark on the journey ahead, we remain committed to fostering collaboration, innovation, and prosperity for all stakeholders. 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**. ■

Anthony Fisher
Deputy 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

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, 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. ■

Algoma Central Corporation's 729' MV ALGOMA SAULT, a Seawaymax self-unloading bulk carrier built in 2018, was the first ship to transit through the lock in St. Catharines on Friday, March 22, 2024, marking the start of the 66th navigation season of the St. Lawrence Seaway.
Photo Credit: The St. Lawrence Seaway Management Corporation (SLSMC)

(L-R): Terence Bowles, then-President and CEO, The St. Lawrence Seaway Management Corporation; Stéphane Gilbert, Chief Engineer, Algoma Central Corporation; Robert Loveless, Captain, Algoma Central Corporation; and Adam Tindall-Schlicht, then-Administrator, U.S. Great Lakes St. Lawrence Seaway Development Corporation at the opening of the St. Lawrence Seaway's 2024 navigation season. March 22, 2024. St. Catharines, Ontario, Canada.
Photo credit: The St. Lawrence Seaway Management Corporation (SLSMC)

Financial Highlights for Fiscal Year 2024

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	2024	2023	Change $	Change %
Operating Revenues	**34,927**	**24,048**	**10,879**	**45**
Appropriations expended	33,938	23,084	10,854	47
Other	988	964	24	2
Operating Expenses	**30,431**	**27,015**	**3,416**	**13**
Personnel services and benefits	18,373	17,162	1,211	7
Other	12,058	9,853	2,205	22
Imputed Financing and Expenses				
Imputed financing	1,528	1,279	249	19
Imputed expenses	1,528	1,279	249	19
Total Assets	**246,364**	**244,906**	**1,458**	**1**
Time Deposits in Minority Banks	**10,240**	**9,760**	**480**	**5**
Short-term	10,000	9,520	480	5
Long-term	240	240	0	0
Interest Income from Minority Banks	**428**	**215**	**213**	**99**

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

Operating Revenues

Operating revenues, excluding imputed financing, totaled $35.0 million in Fiscal Year (FY) 2024, a $10.9 million increase. Appropriations expended, representing the amount of the HMTF expended for operating purposes, increased $10.9 million and other revenues increased $24,000.

Operating Expenses

Overall operating expenses of $30.4 million, excluding depreciation, imputed expenses, and workers' compensation benefits, increased by $3.4 million. Personnel services and benefits increased $1.2 million and other costs increased $2.2 million. Personnel services and benefits represented 60 percent of the Corporation's operating expenses in FY 2024. The GLS employed 133 people on September 30, 2024.

Other costs totaling $12.1 million included: $8.4 million for other contractual services, $2.5 million for supplies and materials; $424,000 for travel and transportation of persons and things; $324,000 for equipment not capitalized; $229,000 loss on property disposals; $174,000 for rent, communications, and utilities; and $54,000 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 $246.0 million. Plant, property, and equipment are valued at $184.0 million.

Time Deposits in Minority Banks and Interest Income

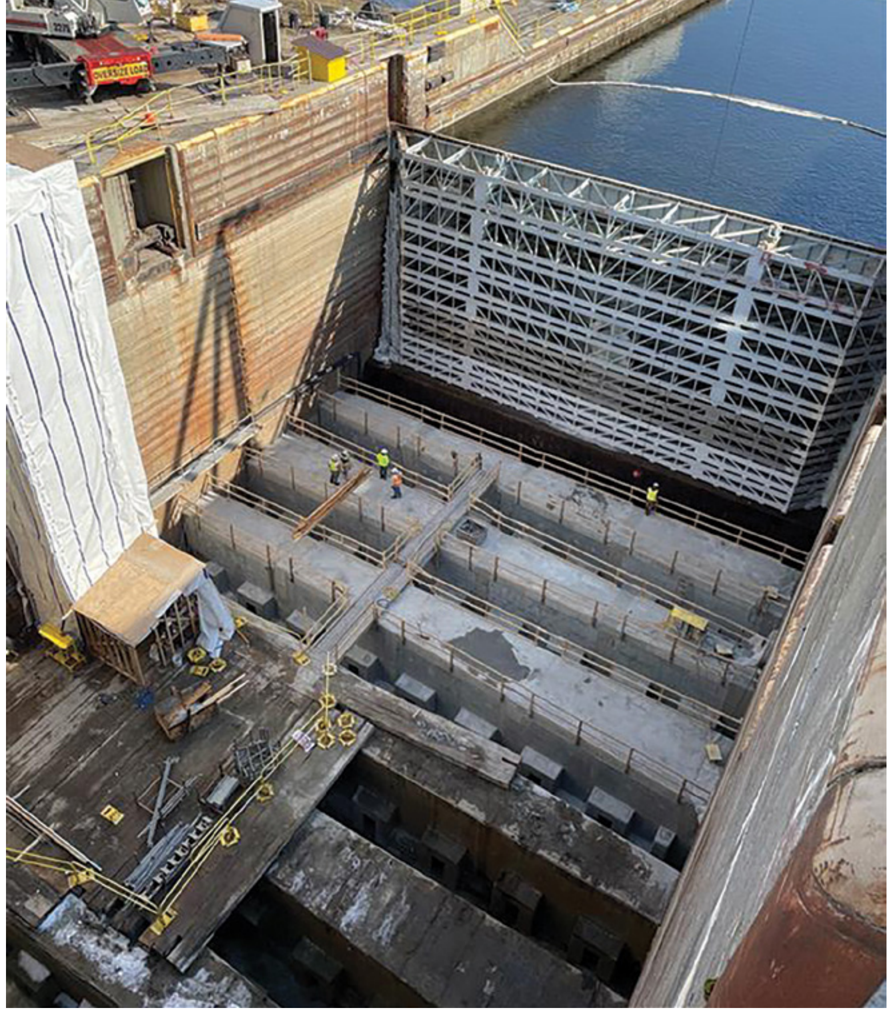
A key asset of the GLS is time deposits in minority banks, totaling $10.2 million at year-end, with a increase of $480,000 from prior year.

Unobligated Balance

The GLS had an unobligated balance on September 30, 2024, of $52.9 million, comprised of $27.9 million of carryover balances from prior year appropriations, $21.8 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



Above: Winter Work in progress. Left: New Visitor Center at Eisenhower Lock in Massena, New York.

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 2024, the GLS obligated $3.3 million on contracts for 26 capital projects as part of its SIP, including: $681,000 to replace fendering on approach walls; $421,000 for the completion of the Seaway Visitor Center at Eisenhower Lock; $306,000 for all-season navigational aids; and $272,000 to replace recess covers at both locks. Additionally, the GLS obligated and expended $619,000 in personnel compensation and benefits in FY 2024 for SIP-related staff time. Since the start of the program in 2009, the GLS has obligated $228.3 million on 66 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. ■

Operational Highlights

GLS, U.S./Canadian Great Lakes Seaway Agencies Sign Vessel Traffic Data Sharing MOU

ON APRIL 11, 2024, the GLS signed an operational Memorandum of Understanding (MOU) with three other agencies with Great Lakes Seaway System responsibilities to begin sharing vessel traffic data in a significant step forward in maritime safety, security, and efficiency for the binational waterway.

The GLS, Canadian SLSMC, U.S. Coast Guard, and Canadian Coast Guard signed the MOU to enhance collaboration in data exchange, improve situational awareness, and minimize the risk of human error in maritime traffic management. This collaborative effort is poised to revolutionize the way maritime traffic is managed across the Great Lakes Seaway System, ensuring safer and more efficient navigation. Binational implementation of data sharing will continue through 2025.

The MOU aims to provide comprehensive asset visibility and foster system harmonization, significantly enhancing maritime safety and efficiency. It also highlights the necessity for unified responses to maritime emergencies, which will reduce ship and resource delays, cut costs for maritime commerce, and maximize environmental performance.

(L-R): Admiral Jon Hickey, commander, USCG Ninth District; Terence Bowles, then-President and CEO, SLSMC; Marc-André Meunier, Assistant Commissioner, CCG's Central Region; and Adam Tindall-Schlicht, then-Administrator, GLS, after signing a Cooperative Vessel traffic Service (CVTS) Memorandum of Understanding (MOU) in Quebec, Canada on Thursday, April 11.

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 2023 navigation season, with 187 inspections or assessments conducted by Corporation personnel. As of September 30, 2024, 100 percent of foreign-flag vessels were either inspected or assessed for compliance during the 2024 navigation season.

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 ensuring resources are adequate for an effective response. Most training and drills include the participation of federal, state, tribal, local response agencies, and environmental groups. Since 1992, the GLS has participated in and/or hosted 44 emergency exercises.

Top: Practice boom deployment. Above: Joint Maritime Disruption Exercise delegation gathered in Watertown, New York.

On July 16-17, 2024, the GLS participated in a maritime disruption exercise in Watertown, N.Y., that included U.S. and Canadian Federal, state/provincial, and local emergency response representatives. Other agencies participating in the exercise included the U.S. Coast Guard, National Oceanic and Atmospheric Administration, U.S. Fish and Wildlife Service, Environment Canada, and the U.S. Department of the Interior. The exercise featured classroom discussions of initial assessments and shoreline cleanup priorities and field exercises on the St. Lawrence River, which included a practice boom deployment. ■

Trade and Economic Development Highlights

GLS, Highway H_2O Form International Partnerships With Key European Ports

IN FY 2024, the GLS, representing the binational Highway H_2O brand and its membership, formalized two international partnerships with key European ports that are critical to Great Lakes Seaway System maritime commerce.

GLS Administrator Adam Tindall-Schlicht signed Memorandums of Cooperation (MOC) with the Ports of Genoa, Italy (March 2024), and the Port Authority of Bilbao, Spain (May 2024). These agreements establish mutually beneficial cooperation in the areas of trade facilitation and expansion, joint marketing and promotion, exchange of data and best practices, training and skill development programs, collaborative research and development, and environmental cooperation and sustainability.

Discussions with Genoa since the signing of the MOC reflect immediate opportunities to grow export agriculture tonnage from U.S. and Canadian ports, as well as project cargo imports arriving from Genoa. Discussions with Bilbao since the signing of the MOC reflect a desire from Spanish companies to visit Great Lakes/Seaway ports for additional, in-depth meetings to pursue future trade opportunities. Each port has agreed to host a link to Highway H_2O's website on its own website, and Highway H_2O will reciprocate in kind to further promote these partnerships.

Two U.S. Great Lakes Ports Earn GLS's Robert J. Lewis Pacesetter Award for Increased International Trade in 2023

IN FY 2024, the GLS presented two U.S. Great Lakes Seaway System ports with its 32nd annual Robert J. Lewis Pacesetter Award for registering increases in international cargo tonnage shipped through their ports during the 2023 navigation season compared to 2022. Established in 1992, the GLS has distributed 177 Pacesetter Awards to 17 different U.S. Great Lakes Seaway System ports.

The two ports earning the Robert J. Lewis Pacesetter Award for 2023 were the Illinois International Port District (Chicago, Ill.) and the Port of Green Bay (Wis.).

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. The Pacesetter Award name was officially changed in 2001 to posthumously honor the noteworthy career of GLS Logistics Director Robert J. Lewis, who was instrumental in developing and implementing the GLS's trade development program.

(L-R): Ports of Genoa – Western Ligurian Sea Port Authority Government Commissioner Paolo Piacenza and then-GLS Administrator Adam Tindall-Schlicht shake hands after signing a MOC with the intent to further business relations in an effort to increase both cargo and international cruise traffic into the Great Lakes via the St. Lawrence Seaway.

Great Lakes St. Lawrence Seaway Development Corporation then-Administrator Adam Tindall-Schlicht (right) was proud to sign a MOC with Bilbao Port's director of Operations, Commercial, Logistics and Strategy, Andima Ormaetxe (left). The MOC aims to improve mutual collaboration, explore the development of commercial relations between both territories, and exchange information.

Adam Tindall-Schlicht (right), then-Administrator, Great Lakes St. Lawrence Seaway Development Corporation, presented the Pacesetter Award to Erik Varela (left), Executive Director, Illinois International Port District, during the Annual Conference of the American Great Lakes Ports Association in Chicago.

Adam Tindall-Schlicht (right), then-Administrator, Great Lakes St. Lawrence Seaway Development Corporation, presented the Pacesetter Award to Dean Haen (left), Director, Port of Green Bay, during the Annual Conference of the American Great Lakes Ports Association in Chicago.

Corporation Highlights

GLS Celebrates its 70th Anniversary With Grand Opening of Seaway Visitor Center In Massena, N.Y.

ON MAY 13, 2024 – the 70th anniversary of President Eisenhower's signing of GLS's enabling law–U.S. Department of Transportation officials, including Transportation Deputy Secretary Polly Trottenberg, celebrated the grand opening of the GLS's new Seaway Visitor Center at Eisenhower Lock in Massena, N.Y. The modern facility showcases the Seaway's rich history and is expected to draw over 100,000 visitors annually.

GLS Releases New Binational Survey Finding Significant Public and Private Investment In Great Lakes Seaway System Maritime Assets

IN DECEMBER 2023, the GLS announced the release of an independent survey of public and private infrastructure investments to enhance marine shipping on the Great Lakes St. Lawrence Seaway System. The survey conservatively estimates that $8.4 billion has been or is committed to be spent on Great Lakes/Seaway infrastructure investments between 2018-2027.

Prepared by Martin Associates of Lancaster, Pa., and titled, *Infrastructure Investment Survey of the Great Lakes and St. Lawrence Seaway System*, the survey quantified recent and ongoing investments in the navigation system that help support long-term planning and the achievement of economic development goals, while also building confidence in the Great Lakes Seaway System's future viability. The investment figures did not include expenditures for routine infrastructure maintenance and repairs.

The survey, which reported $8.4 billion in infrastructure investments completed or planned between 2018-2027, identified specific categories of investment including:

- **$3 billion invested in waterway infrastructure, including locks, breakwaters, and navigation channels, between 2018-2022, with at least another $1.2 billion planned between 2023 and 2027.**
- **$2.1 billion invested to enhance port and terminal infrastructure between 2018 and 2022, with at least another $1.1 billion planned between 2023 and 2027.**
- **$636 million invested in vessel enhancements between 2018 and 2022 for new ships and vessel upgrades, with at least another $328 million planned between 2023 and 2027.**

The infrastructure investment survey was part of a larger project undertaken by a public/private sector committee of American and Canadian maritime organizations, including the GLS and the Canadian St. Lawrence Seaway Management Corporation. That project produced a study titled, *Economic Impacts of Maritime Shipping in the Great Lakes-St. Lawrence Region*, released in July 2023. That study found that maritime commerce on

GLS Participates at Breakbulk Cargo Conferences

IN FY 2024, 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 2024, and Breakbulk Europe conference in Rotterdam, Netherlands, in May 2024.

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

BREAKBULK AMERICAS

BREAKBULK EUROPE 21-23 MAY 2024

GLS Facilitates UK-Great Lakes Reverse Trade Mission

IN JULY 2024, the GLS welcomed a distinguished trade delegation from the United Kingdom, marking a pivotal moment in the expansion of maritime trade between the two regions. The UK visit to the region followed an earlier visit by the GLS and Great Lakes/Seaway officials to UK ports in May 2024.

The six-day mission included visits to Cleveland, Ohio, and Duluth and Minneapolis, Minn., and included roundtable discussions in each city with Federal, state, local officials to discuss recent infrastructure improvements, operational capabilities, and areas for increased trade. In addition, the UK delegation toured the ports of Cleveland and Duluth and met with U.S. Commercial Service officials in Minneapolis to discuss business-to-business development opportunities. ■

PORT 50 CLEVELAND

Duluth Seaway Port Authority

Above Left: Speakers at the Seaway Visitor Center Grand Opening Ceremony, (L-R): Great Lakes Maritime Academy Superintendent Jerry Achenbach; Town of Massena Supervisor Susan Bellor; St. Lawrence County Chamber of Commerce Executive Director Ben Dixon; GLS Visitor Center and Community Relations Manager Amy Stark; then-GLS Administrator Adam Tindall-Schlicht. Above Right: New Seaway Visitor Center at Eisenhower Lock in Massena, New York. Lower Right: Welcoming Community Members into the new Seaway Visitor Center, (L-R): GLS Visitor Center and Community Relations Manager Amy Stark and St. Lawrence County Industrial Development Agency Business Development Specialist Bob Ahlfeld.

the Great Lakes Seaway System annually sustains 241,000 U.S. and Canadian jobs, $36 billion in economic activity, $18 billion in personal income, and $6 billion in federal, state/provincial, and local taxes each year.

Recognizing Excellence Across GLS

Several GLS employees and teams were recognized by the U.S. Department of Transportation in 2024 for their outstanding contributions to advancing the agency's mission and impact.

The Trade and Economic Development team—Peter Hirthe, Jazmine Jurkiewicz, and Rebecca Yackley—were acknowledged for their success in enhancing international cruise ship activity across the Great Lakes. Their efforts have strengthened regional economic development, expanded cruise tourism via the St. Lawrence Seaway, and built new international partnerships. In 2023, seven cruise lines operated ten vessels throughout the Great Lakes, making nearly 400 U.S. port calls and welcoming an estimated 100,000 passengers.

Stephen McCargar, Operations Specialist in the Massena, N.Y. office, was recognized for his leadership in improving the safety and efficiency of Seaway lock operations. His contributions have helped safeguard personnel, supported the North Country community, and ensured the secure transit of more than 2,000 commercial vessels over the past year.

GLS awardees in attendance at the USDOT Awards Ceremony, (L-R): Public Affairs Specialist LaToya James; International Trade Specialists Peter Hirthe and Jazmine Jurkiewicz; then-Administrator Adam Tindall-Schlicht; then-Director of Trade and Economic Development Rebecca Yackley; and Executive Officer Sylvonica Madlock.

Chora Snyder, Contract Specialist in Massena, was commended for her excellence in federal procurement. Her diligent work has supported a range of initiatives across the organization, including critical efforts to advance the Seaway Infrastructure Program and modernize capital assets at the U.S. locks in Massena. ■

GLS FY 2024 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 2023 navigation season, with 187 vessel inspections or assessments completed by GLS personnel. In 2024, 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 2024 navigation season, through September 30, was 99.3 percent. Final FY 2024 system reliability was 96.5 percent.

More than 80 percent of the total FY 2024 system delays recorded (199 hours of 240 total delay hours) were due to the October 2023 Canadian SLSMC workers strike, the first such strike since 1968, which impacted Canadian and U.S. Seaway commercial traffic and lock operations. Without the Canadian labor strike delay, the FY 2024 lock availability rate would have been 99.4 percent, exceeding the performance target.

Lock Availability

"Minimize vessel delays due to lock equipment failure or malfunction."

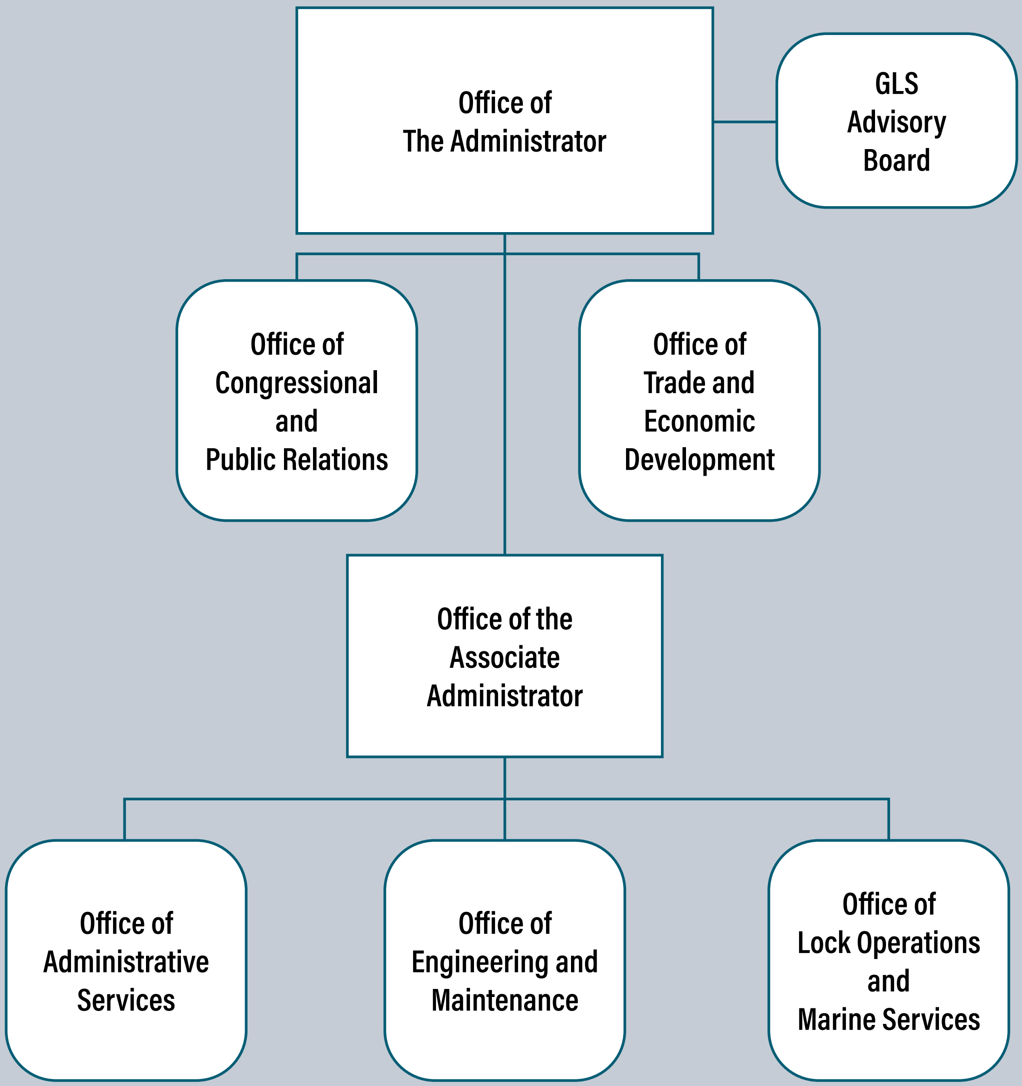
The goal each year is 99.75 percent lock availability. Lock availability during the 2024 season, through September 30, was 99.65 percent. Final FY 2024 lock-related delays totaled 19 hours, 44 minutes, which produced a 99.71 percent lock availability rate.

Administrative Expenses

"Reduce the administrative overhead expense ratio of total operating expenses, excluding SIP projects, depreciation, and imputed expenses, to 23 percent or lower."

The administrative expense ratio goal in FY 2024 was 23 percent. ■

Great Lakes St. Lawrence 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 2024, 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 28, 2024

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, 2024, 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, 2024, 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 2024 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 2024

Date: November 5, 2024

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) 2024 financial statements audit report, dated November 6, 2024.

We are pleased that your audit team that performed the GLS's FY 2024 financial statements audit provided an unmodified audit opinion – the GLS's 61st consecutive clean audit opinion dating back to its first financial statements audit in 1955.

We concur with the two significant deficiencies identified in the audit report related to the unit costs of operating materials and supplies and reporting of pending claims. The GLS will work to implement corrective actions by April 30, 2025.

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 staff members 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, 2024

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 2024 and 2023 Report No. QC2025007

From: Dormayne "Dory" Dillard-Christian D. 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 2024 and 2023.

We contracted with the independent public accounting firm Allmond & Company, LLC to audit GLS's financial statements as of and for the fiscal years ended September 30, 2024, and September 30, 2023, and 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 and Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual.*[1]

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-24-107278), June 2024; Volume 2 (GAO-24-107279), June 2024; Volume 3 (GAO-24-107280), July 2024.

Independent Auditor's Report

In its report on GLS's financial statements for fiscal years 2024 and 2023, Allmond states that:

- GLS's financial statements[2] (see attachment 3) were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;
- Allmond found two significant deficiencies[3] in internal control over financial reporting that it did not consider to be a material weakness;[4] and
- there were no instances of reportable noncompliance with provisions of laws tested, or reportable other matters.

Allmond made six recommendations to address the significant deficiencies 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 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.

[2] The financial statements (see attachment 3) are included in GLS's Annual Financial Report. 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.

[3] 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.

[4] 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.

Loss Contingencies Were Not Reported in Accordance with Generally Accepted Accounting Principles

Allmond determined that internal control relating to the preparation and review of the financial statements and footnotes was not properly designed and implemented to prevent, detect, or correct errors and omissions. Specifically, the Corporation prepared a Commitments and Contingencies footnote, but did not include the disclosure of reasonably possible loss contingencies, as required by generally accepted accounting principles.

Recommendations

Allmond made the following recommendations to Great Lakes St. Lawrence Seaway Development Corporation's (GLS) management to strengthen GLS's controls:

1. GLS should amend its procedures relating to the annual count and valuation of operating materials and supplies 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.

3. GLS should continue executing its corrective action plan and complete the review of the unit and total costs of inventory items.

4. Proactively and independently initiate discussions with Legal Counsel on an at least quarterly basis in order to identify contingent liabilities which should be recognized and/or disclosed in the Corporation's financial statements and footnotes so that appropriate entries can be recorded, and/or notes disclosures prepared, prior to the finalization of the financial statements and footnotes.

5. Document the actions taken to verify that the information received is complete and whether information is needed from other sources to complete the financial reporting process.

6. Update the Corporation's standard operating procedures to incorporate timely inquiries of legal counsel during the preparation of the financial statements and footnotes.

Quality Control Review

We performed a QCR of Allmond's report, dated November 6, 2024, 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 6, 2024, and received GLS's response, dated November 6, 2024 (see attachment 2). GLS agreed with the two significant deficiencies Allmond found. GLS also concurred with Allmond's six recommendations and committed to developing a corrective action plan to address the control deficiencies by December 31, 2024. We agree with Allmond's recommendations and are not making any additional recommendations.

Actions Required

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

A/C ALLMOND & COMPANY, LLC CERTIFIED PUBLIC ACCOUNTANTS

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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

In accordance with Section 9105 of the Government Corporation Control Act of 1945[1], we have audited the Great Lakes St. Lawrence Seaway Development Corporation (GLS) financial statements. The financial statements comprise the Statements of Financial Position as of September 30, 2024, and 2023; the related Statements of Operations and Changes in Cumulative Results of Operations, Statements of Changes in Equity of the U.S. Government, and Statements of Cash Flows, for the fiscal year then ended; and the related notes to the financial statements.

In our opinion, GLS's financial statements present fairly, in all material respects, GLS's financial position as of September 30. 2024, and 2023, and operations and changes in cumulative results of operations, changes in equity of the U.S. Government, and cash flows, for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 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.

Responsibilities of Management for the Financial Statements

Management is responsible for

- the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles;

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

- preparing and presenting other information included in GLS's Annual Report and ensuring the consistency of that information with the audited financial statements and the RSI; and
- designing, implementing, and maintaining 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. 24-02 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. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures that are responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform 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 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 the 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 following sections: the *Letter from the Administrator*, *Operational Highlights, Sustainability Highlights, Trade and Economic Development Highlights, Corporation Highlights, Key Performance Measures and Results*, and *Other Information* sections, as listed in the Table of Contents of GLS's Annual Report. Other information 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 as of and for the year ended September 30, 2024, 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 deficiencies[2] or to express an opinion on the effectiveness of GLS's internal control over financial reporting. Given these

[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.

limitations, during our 2024 audit, we did not identify any deficiencies in internal control over financial 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 2024 audit, we identified two deficiencies in GLS's internal control over financial reporting that we consider to be significant deficiencies. These deficiencies are described in the accompanying *Exhibit I, Findings and Recommendations*, to this report. We considered these significant deficiencies in determining the nature, timing, and extent of our audit procedures on GLS's fiscal year 2024 and 2023 financial statements. Although the significant deficiencies in internal control did not affect our opinion on GLS's fiscal year 2024 and 2023 financial statements, misstatements may occur in unaudited financial information reported internally and externally by GLS because of these significant deficiencies.

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, 2024, 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

- 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
- 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 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 audits 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 2024 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 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.

GLS’s Response to Findings

GLS's responses to the findings identified during our audit are described immediately following the auditor’s recommendations in Exhibit I. GLS’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Agency Comments

We provided GLS with a draft of our report on November 4, 2024, and received GLS’s response on November 6, 2024. 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, 2024

Independent Auditor's Report

Exhibit I
Findings and Recommendations

Incorrect Unit Costs Resulted in Understatement of the Balance of Operating Materials & Supplies (2024-01)

CONDITION

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 year-end substantive testing of OM&S for the Great Lakes St. Lawrence Seaway Development Corporation (GLS), we identified the following errors:

- 2 of 31 statistical samples in which the quantity on hand did not agree with the quantity in the inventory tracking system as of 09/30/24. For one of these samples, the unit of measurement was not appropriate for the inventory type or usage.
- 1 of 31 statistical samples for which the unit cost information entered into GLS's EPAC inventory tracking system was incorrect, based on the invoiced amount and other documentation.
- 2 of 31 statistical samples for which information supporting the unit and total costs was not available.
- 25 items in the inventory tracking system for which the quantity of items was greater than 0, but the unit and total costs were $0 as of May 31, 2024.
- The 25 zero-value items in the inventory tracking system were revalued as of September 30, 2024; however, the estimated purchase year that was selected to establish the historical cost for one of the inventory items was not appropriate, causing the item to be undervalued.

In addition, during our on-site testwork at interim and our review of GLS's completed FY 2024 OM&S physical inventory, respectively, we identified the following conditions:

- 2 of 17 samples selected at random during our on-site testwork, for which the quantities on-hand vs. the quantities in the EPAC tracking system did not agree. GLS was not able to provide documentation such as new purchase or materials check-in or check-out documentation to reconcile the differences.
- 1 of 62 items selected at random from the completed physical inventory listing in which the quantity on the inventory count sheet did not agree with the post-inventory listing of OM&S. The variance was not detected and corrected.

CRITERIA

Financial Accounting Standards Board (FASB) Accounting Standards Codification 330-10-30-1, Cost Basis, states, "The primary basis of accounting for inventories is cost, which has been defined generally as the price paid or consideration given to acquire an asset. As applied to inventories, cost means in principle the sum of the applicable expenditures and charges directly or indirectly incurred in bringing an article to its existing condition and location. It is understood to mean acquisition and production cost, and its

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determination involves many considerations."

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."

Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 3: Accounting for Inventory and Related Property, Section 26, Valuation Methods for Opening Balances and Exceptions to Valuation, states,

"Alternative Valuation Method for Opening Balances.3a Deemed cost3b is an acceptable valuation method for opening balances of inventory, operating materials and supplies (OM&S), and stockpile materials when a reporting entity is presenting financial statements, or one or more line items addressed by Statement of Federal Financial Accounting Standards (SFFAS) 48, Opening Balances for Inventory, Operating Materials and Supplies, and Stockpile Materials, following generally accepted accounting principles (GAAP) promulgated by the FASAB either (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative valuation method… [D]eemed cost should be based on following should be considered in applying an alternative valuation method: deemed cost should be based on one, or a combination, of the following valuation methods:

(1) Standard price (selling price) or fair value
(2) Latest Acquisition Cost
(3) Replacement cost
(4) Estimated historical cost (initial amount)
(5) Actual historical cost (initial amount)."

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

Independent Auditor's Report

Exhibit I
Findings and Recommendations

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 available, not entered into the system, or incorrect amounts were entered.

- During the performance of GLS's annual count and cost verification process, the personnel performing the annual inventory previously 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 unit cost information entered into the system was inaccurate or absent.

- GLS's corrective action plan was estimated to be 85% complete as of September 30, 2024. Given the number of inventory items to review and GLS's small staff, additional time is needed to complete the revaluation project.

EFFECT

- Actual (known) overstatement of the OM&S balance is $19,641.62, net; the projected overstatement of the balance is $176,786.35. The total known and projected overstatement is $196,427.97.

- 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 if not periodically reviewed and corrected.

- 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 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.

- 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.

- GLS should continue executing its corrective action plan and complete the review of the unit and total costs of inventory items.

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 finding and will develop a corrective action plan, to be implemented by April 30, 2025, to address the recommendation(s).

AUDITOR RESPONSE

We will perform follow up procedures during the FY 2025 audit to determine if corrective actions have been fully implemented.

Independent Auditor's Report

Exhibit I
Findings and Recommendations

Loss Contingencies Were Not Reported in Accordance with Generally Accepted Accounting Principles (2024-02)

<u>CONDITION</u>

Internal control relating to the preparation and review of the financial statements and footnotes was not properly designed and implemented to prevent, detect, or correct errors and omissions. During our review of the Corporation's financial reporting process for the year ended September 30, 2024, we identified the following condition:

- A Commitments and Contingencies footnote was prepared by the Corporation, but did not include the disclosure of reasonably possible loss contingencies, as required by generally accepted accounting principles.

<u>CRITERIA</u>

Financial Accounting Standards Board (FASB) Accounting Standards Codification Section 450-20-50-2 states, "Disclosure of the contingency shall be made if there is at least a reasonable possibility that a loss or an additional loss may have been incurred and either of the following conditions exists:

a. An accrual is not made for a loss contingency because any of the conditions in paragraph 450-20-25-2 are not met.
b. An exposure to loss exists in excess of the amount accrued pursuant to the provisions of paragraph 450-20-30-1."

FASB Accounting Standards Codification Section 450-20-50-5 states, "The disclosure in the preceding paragraph shall include both of the following:

a. The nature of the contingency
b. An estimate of the possible loss or range of loss or a statement that such an estimate cannot be made."

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

<u>CAUSE</u>

- Information regarding contingent liabilities relating to legal matters is not provided to or obtained by the preparer and reviewer of the financial statements and footnotes timely (i.e., prior to the end of the reporting period) so that entries can be recorded when needed and the footnote can be accurately prepared;

- Uncertainty about matters relating to legal contingencies that should be included in both internal and external communications.

- Standard operating procedures relating to the information reported in the Commitments and Contingencies disclosure were not fully implemented to prevent or detect and correct errors and omissions in the footnote.

EFFECT

- Noncompliance with generally accepted accounting principles (GAAP) relating to the reporting of contingent liabilities.

- Material omissions in the Commitments and Contingencies footnote such that the financial statements and footnotes do not properly convey the Corporation's financial position in relation to potential future liabilities and expenses.

- The exclusion of pertinent information in disclosures made to external sources.

RECOMMENDATION

We recommend that GLS management should:

- Proactively and independently initiate discussions with Legal Counsel on an at least quarterly basis in order to identify contingent liabilities which should be recognized and/or disclosed in the Corporation's financial statements and footnotes so that appropriate entries can be recorded, and/or note disclosures prepared, prior to the finalization of the financial statements and footnotes.

- Document the actions taken to verify that the information received is complete and whether information is needed from other sources to complete the financial reporting process.

- Update the Corporation's standard operating procedures to incorporate timely inquiries of legal counsel during the preparation of the financial statements and footnotes.

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 finding and will develop a corrective action plan, to be implemented by April 30, 2025, to address the recommendation(s).

AUDITOR RESPONSE

We will perform follow up procedures during the FY 2025 audit to determine if corrective actions have been fully implemented.

Independent Auditor's Report

Exhibit II
Status of Prior Year Findings and Recommendations

The following table provides the fiscal year (FY) 2024 status of all recommendations included in the Independent Auditor's Report on GLS's FY 2023 Financial Statements (November 6, 2023).

FY 2023 Finding	FY 2023 Recommendation	FY 2024 Status
Incorrect Unit Costs Resulted in Understatement of the Balance of Operating Materials & Supplies (2023-01)	**Recommendations:** Improve controls relating to the valuation of Operating Materials & Supplies (OM&S). Specifically, we recommended that management should: 1. 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.	Open
	2. 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.	Open

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GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
As of September 30, 2024 and 2023

Assets	2024	2023
Current Assets		
Cash		
Held by U.S. Treasury	**$ 48,468,115**	$ 46,115,155
Held in banks and on hand	**3,344**	4,892
Short-term time deposits in minority banks (Note 3)	**10,000,000**	9,520,000
Accounts receivable (Note 4)	**204,208**	197,135
Due from SIBC (Note 6)	**558,827**	548,634
Operating materials and supplies (Note 2)	**688,664**	547,433
Other current assets (Note 4)	**55,810**	19,795
Total current assets	**59,978,968**	56,953,044
Long-Term Investments		
Long-term time deposits in minority banks (Note 3)	**240,000**	240,000
Plant, Property and Equipment		
Plant in service (Note 5)	**345,176,202**	327,225,382
Less: Accumulated depreciation	**(162,578,105)**	(154,556,950)
Net plant in service	**182,598,097**	172,668,432
Information Software, net	**26,487**	43,797
Work in progress	**1,354,670**	13,500,833
	183,979,254	186,213,062
Other Assets		
Lock spare parts (Note 2)	**2,165,417**	1,499,615
Total assets	**$ 246,363,639**	$ 244,905,721

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

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
As of September 30, 2024 and 2023

Liabilities and Equity of the U.S. Government	2024	2023
Current Liabilities		
Accounts payable	**$ 1,947,275**	$ 3,586,607
Accrued annual leave (Note 2)	**1,160,462**	1,012,117
Accrued payroll costs	**1,108,786**	953,955
Other Current Liabilities	**3,344**	4,892
Total current liabilities	**4,219,867**	5,557,571
Actuarial Liabilities		
Worker's compensation benefits (Note 2)	**5,852,096**	5,950,718
Long Term Liabilities		
FECA Liability	**675,484**	809,679
Total liabilities	**10,747,447**	12,317,968
Equity of the U.S. Government		
Invested capital (Note 2)	**199,774,346**	201,778,867
Cumulative results of operations	**35,283,019**	30,260,252
Cumulative results of SIBC restricted use fund (Note 6)	**558,827**	548,634
	235,616,192	232,587,753
Total liabilities and equity of the U.S. Government	**$ 246,363,639**	$ 244,905,721

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, 2024 and 2023

Operating Revenues	**2024**	2023
Appropriations expended	**$ 33,938,171**	$ 23,083,933
Imputed financing (Note 9)	**1,527,829**	1,279,139
Other (Note 7)	**988,440**	963,696
Total operating revenues	**36,454,440**	25,326,768
Operating Expenses (Note 8)		
Locks and marine operations	**8,127,073**	7,956,481
Maintenance and engineering	**9,998,743**	7,911,979
General and development	**5,638,202**	5,500,540
Administrative expenses	**6,666,586**	5,128,754
Depreciation	**8,354,350**	8,016,688
Imputed expenses (Note 9)	**1,527,829**	1,279,139
SIBC payments	**-**	517,074
Worker's compensation benefits (Note 2)	**(98,622)**	662,880
Total operating expenses	**40,214,161**	36,973,535
Operating loss	**(3,759,721)**	(11,646,767)
Other Financing Sources		
Interest on deposits in minority banks	**428,138**	215,494
Transfer from invested capital for depreciation	**8,354,350**	8,016,688
Total other financing sources	**8,782,488**	8,232,182
Operating revenues and other financing sources over (under) operating expenses	**5,022,767**	(3,414,585)
Beginning cumulative results of operations	**30,260,252**	33,674,837
Ending cumulative results of operations	**$ 35,283,019**	$ 30,260,252
SIBC Restricted Use Fund Activity (Note 6)		
Interest earned	**9,303**	16,370
Foreign currency exchange	**890**	8,982
Total SIBC revenues	**10,193**	25,352
Bridge repairs	**-**	132,037
SIBC restricted fund (loss) gain	**10,193**	(106,685)
Beginning cumulative results of SIBC restricted use fund	**548,634**	655,319
Ending cumulative results of SIBC restricted use fund	**$ 558,827**	$ 548,634

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, 2024 and 2023

	Invested Capital	Unexpended Appropriations	Cumulative Results of Operations	Cumulative Results of SIBC Restricted Use Fund
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
Appropriations expended	-	(33,938,171)	33,938,171	-
Fiscal Year 2024 appropriations	-	40,288,000	-	-
Other financing sources	-	-	2,944,407	10,193
Operating expenses, excluding depreciation and imputed expenses	-	-	(30,430,604)	-
Depreciation expense	-	-	(8,354,350)	-
Imputed expenses	-	-	(1,527,829)	-
Workers' compensation actuarial	-	-	98,622	-
Transfer from invested capital for depreciation	(8,354,350)	-	8,354,350	-
Capital expenditures	6,349,829	(6,349,829)	-	-
Balance, September 30, 2024	$ 199,774,346	$ -	$ 35,283,019	$ 558,827

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, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Operating revenues and other financing sources over (under) operating expenses	$ 5,022,767	$ (3,414,585)
Adjustments to reconcile operating revenues and other financing sources over operating expenses to net cash provided by (used in) operating activities:		
Depreciation	8,354,350	8,016,688
Transfer from invested capital for depreciation	(8,354,350)	(8,016,688)
Net (gain) loss on property disposals	229,287	4,000
Change in assets and liabilities:		
Accounts receivable	(7,073)	(90,385)
Operating materials and supplies	(141,231)	(104,632)
Other current assets	(36,015)	(5,985)
Other assets	(665,802)	165,322
Accounts payable	(1,639,332)	152,785
Accrued liabilities	303,176	216,244
Other Current Liabilities	(1,548)	1,283
Actuarial Liabilities (Note 2)	(98,622)	662,880
Long Term Liabilities (Note 2)	(134,195)	309,919
Net cash provided (used in) by operating activities	2,831,412	(2,103,154)
Cash flows from investing activities:		
Proceeds from plant, property and equipment disposals	-	-
Acquisition of plant, property and equipment	(6,349,829)	(15,416,067)
Net (increase) decrease in time deposits	(480,000)	480,000
Net cash used in investing activities	(6,829,829)	(14,936,067)
Cash flows from financing activities:		
Appropriations for plant, property and equipment	6,349,829	15,416,067
Net increase (decrease) in cash	2,351,412	(1,623,154)
Cash at beginning of year	46,120,047	47,743,201
Cash at end of year	$ 48,471,459	$ 46,120,047

The accompanying notes are an integral part of these 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 and Change in Presentation

In FY 2024, the Corporation has revised the presentation of its Federal Employees' Compensation Act (FECA) liability in the balance sheet to identify the long-term portion. Historically, the full FECA obligation was presented as a current liability. However, a portion of this liability represents future obligations extending beyond the next fiscal year.

This change in presentation was made to provide more accurate and transparent information regarding the nature of the Corporation's liabilities, aligning with generally accepted accounting principles (GAAP). This adjustment better reflects the liability's impact on both current and future periods.

The reclassification does not affect the overall amount of liabilities but improves the distinction between current and long-term financial obligations.

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.

In response to a prior year audit finding, GLS identified all operating materials and supplies in its EPAC inventory system with no average cost and reconstructed average costs using previous and new estimates and calculating the historical cost using an inflation calculator.

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 on September 30, 2024 was $2,165,417.

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 $5,852,096 and $5,950,718 at September 30, 2024 and 2023, respectively, reflects the actuarial liability as determined by the U.S. Department of Labor.

Note 2. Summary of Significant Accounting Policies and Change in Presentation (continued)

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 $60,187,861 for FY 2024, $40,288,000 from the HMTF (P.L. 118-42) and $19,899,861 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 $31,609,005 for FY 2024. The Corporation's unobligated balance at September 30, 2024 totaled $52.9 million, including $3.2 million in unused borrowing authority.

Statements of Cash Flows

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, 2024 and 2023 are as follows:

	2024	2023
Due from concession contract	**$ 76,398**	$ 142,773
Other	**64,813**	6,125
Interest on deposits in minority banks	**62,997**	48,237
	204,208	197,135
Prepaid Contracts – Non-federal	**13,310**	19,795
Prepaid Contracts – Federal	**42,500**	-
Total	**$ 260,018**	$ 216,930

Note 5. Plant in Service

Plant in service as of September 30, 2024 and 2023 is as follows:

		2024		2023	
Plant in Service	**Estimated Life (Years)**	**Cost**	**Accumulated Depreciation**	Cost	Accumulated Depreciation
Locks and guidewalls	40-100	**$ 189,458,215**	**$ 82,328,546**	$ 181,695,266	$ 77,606,633
Permanent operating equipment	5-40	**55,210,986**	**17,633,542**	55,231,138	16,093,036
Channels and canals	95	**37,759,075**	**25,662,668**	37,759,075	25,216,322
Buildings, grounds, and utilities	50	**36,861,768**	**17,201,386**	26,928,364	16,232,110
Roads and bridges	50	**13,947,236**	**13,085,736**	13,947,236	12,773,377
Land rights and relocations	95	**7,225,112**	**4,012,713**	7,225,112	3,900,642
Navigation aids	10-40	**3,846,484**	**2,653,514**	3,571,865	2,734,830
Lands in fee	N/A	**867,326**	**-**	867,326	-
Total plant in service		**$ 345,176,202**	**$ 162,578,105**	$ 327,225,382	$ 154,556,950

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, 2024 amounted to $228 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 $1,819,889 at September 30, 2024.

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, 2024 is $1,354,670.

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:

	2024	2023
Beginning Balance	**$ 548,634**	$ 655,319
Interest Earned	**9,303**	16,370
Bridge Repairs/Improvements	**-**	(132,037)
Foreign Currency Exchange	**890**	8,982
Ending Balance	**$ 558,827**	$ 548,634

The ending balance is disclosed as an asset, Due from SIBC, and equity, Cumulative results of SIBC restricted use fund. The activity for FY 2024 and FY 2023 is disclosed on the Statements of Operations and Changes in Cumulative Results of Operations.

Note 7. Other Revenues

Other revenues for the years ended September 30, 2024 and 2023 consist of the following:

	2024	2023
Concession operations	**$ 866,091**	$ 797,783
Pleasure craft/non-commercial tolls	**56,496**	64,682
Rebates	**41,024**	36,400
Miscellaneous, net	**20,648**	14,660
Rental of administration building	**4,181**	50,171
Total	**$ 988,440**	$ 963,696

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, 2024 and 2023 are as follows:

	2024	2023
Personnel services and benefits	**$ 18,372,737**	$ 17,161,573
Contractual services	**8,391,105**	6,119,358
Supplies and materials	**2,461,467**	2,456,412
Travel and transportation	**424,212**	266,486
Equipment not capitalized	**324,111**	247,895
Loss/(gain) on property disposals	**229,287**	4,000
Rental, communications, and utilities	**173,975**	174,217
Printing and reproduction	**53,710**	67,813
SIBC payments	**-**	517,074
Subtotal	**30,430,604**	27,014,828
Depreciation expenses	**8,354,350**	8,016,688
Imputed expenses	**1,527,829**	1,279,139
Workers compensation benefits	**(98,622)**	662,880
Total operating expenses	**$ 40,214,161**	$ 36,973,535

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, 2024 and 2023 as follows:

	2024	2023
Federal Employees Retirement System:		
Automatic contributions	**$ 2,173,187**	$ 1,998,637
Matching contributions	**457,720**	421,022
Social Security	**757,804**	674,990
Civil Service Retirement System	**13,271**	12,682
Total	**$ 3,401,982**	$ 3,107,331

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, 2024 and 2023 were $1,527,829 and $1,279,139, respectively.

Note 10. Related Party Transactions

The Corporation, through international agreements, operates the St. Lawrence Seaway, in coordination and cooperation with the Canadian St. Lawrence Seaway Management Corporation (SLSMC). In FYs 2024 and 2023, the Corporation accrued costs of $110,121 and $139,191 respectively, to the SLSMC for administrative services related to tolls and statistics.

Note 11. Contingencies and Commitments

As of September 30, 2024, the GLS is involved in certain claims, suits, and complaints that have been filed or are pending. An accrued liability is recognized for legal claims where the loss is probable, and the amount can be reasonably estimated. For pending legal claims where the loss is reasonably possible, a liability is not recognized; however, the estimated range of loss is disclosed. As of September 30, 2024, claims are pending for which the likelihood of loss is reasonably possible. The total estimated amount for these losses is $330,000. In addition to the current liabilities at September 30, 2024 and 2023 there were undelivered orders and contracts amounting to $4,725,385 and $10,356,729, respectively. For FY 2024, Federal Undelivered Orders totaled $45,098 and Non-Federal Undelivered Orders were $4,680,287 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 $84,466,191 consist of the Corporation's unobligated balance of $42,356,068 brought forward October 1, 2023, and reimbursements earned of $41,758,810 and recoveries of prior year's obligations of $351,313.

	------------- Budget -------------		
	Resources	**Obligations**	**Expenses**
	$ 84,466,191	$ 31,609,005	$ 40,214,161
Budget Reconciliation:			
Total Expenses			40,214,161
Adjustments			
Add:			
Capital acquisitions			6,349,829
Increase in other assets			665,802
Increase in operating materials and supplies			141,231
Workers' Compensation benefits			98,622
Deduct:			
Depreciation			(8,354,350)
Imputed expenses			(1,527,829)
Unfunded Workers' Compensation benefits			(523,962)
Decrease in net plant in service, property disposals			(229,287)
Less reimbursements:			
Trust funds and Financing Sources Transferred In			(40,288,000)
Revenues from Non-Federal Sources			(1,416,578)
Accrued Expenditures			$ (4,870,361)

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