SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Fiscal Year 2014 Annual Report

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The Great Lakes St. Lawrence Seaway System is a binational waterway connecting world markets to North America's 'Opportunity Belt' – the Great Lakes region.

Dear Seaway Stakeholder:

In accordance with the Chief Financial Officers Act of 1990 and the Comptroller General's Government Auditing Standards, I am pleased to present the annual management report and financial audit of the SLSDC for the Fiscal Year (FY) ending September 30, 2014. This unqualified financial audit represents the SLSDC's 51st consecutive clean audit, serving as a federal model for superior financial management.

The first section of the report was prepared by the SLSDC to provide information on the agency, its mission, and the success of its performance measures. The second section consists of FY 2014 audited financial statements with associated notes and the reports of Chiampou Travis Besaw & Kershner, LLP.

Over this past fiscal year, the SLSDC has achieved many important accomplishments.

In FY 2014, we provided direct support and facilitation for the increase in commercial trade on the Great Lakes St. Lawrence Seaway System, leading to economic growth in the Great Lakes region. We were instrumental in the development and implementation of the waterway's first regularly scheduled international liner service. The Cleveland-Europe Express (CEE) was launched in 2014 and runs between the Port of Cleveland and Antwerp, Belgium, via the St. Lawrence Seaway. The success of this service is already resulting in the possibilities for more business on the System.

Through our ongoing Asset Renewal Program (ARP) and during the winter maintenance period we completed a number of major projects to rehabilitate and modernize our infrastructure. The ARP continues to deliver economic benefits to Massena, N.Y., and neighboring communities in Upstate New York, primarily in the form of business contracts and jobs as well as related spending.

The SLSDC, in conjunction with the U.S. Coast Guard, the U.S. Environmental Protection Agency, and the eight Great Lakes states, have continued working to mitigate and prevent the introduction of aquatic invasive species. There have been no detections of new invaders introduced via international shipping through the Seaway since 2006. This is an indication that the current Seaway regulatory regime is working. Furthermore, the Ballast Water Working Group reported that continued progress is being made in both ballast water inspection rates and in vessel compliance.

This is an exciting and dynamic time for the SLSDC and the Great Lakes Seaway System and we are geared up to advance new and innovative economic development initiatives for the region. The binational waterway provides the access to the cities, states, and provinces in the region, where trade opportunities abound. We will continue to engage in trade development and encourage greater economic opportunities for the people and businesses throughout the 'Opportunity Belt' around the Great Lakes.

To learn more about the latest SLSDC developments and activities visit our binational website, www.greatlakes-seaway.com, www.seaway.dot.gov and our Facebook page at www.facebook.com/usdot slsdc.

Betty Sutton

Betty S. Sutton
Administrator

Authority

The U.S. Saint Lawrence Seaway Development Corporation (SLSDC 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., and vessel traffic control in areas of the St. Lawrence River and Lake Ontario. In addition, the Corporation performs economic and trade development functions designed-to enhance Great Lakes St. Lawrence Seaway System utilization. Maritime commerce on the Great Lakes Seaway System annually sustains more than 225,000 U.S. and Canadian jobs, $14.1 billion in personal income, $33.6 billion in transportation-related business revenue, $6.4 billion in local purchases, and $4.6 billion in federal, state, provincial, and local taxes. The binational waterway also provides approximately $3.6 billion in annual transportation cost savings compared to competing rail andhighway routes.

The St. Lawrence Seaway is an international waterway, and the SLSDC directly interacts with numerous Canadian government and private entities to carry out its mission. The SLSDC 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 24-hour, year-round coordination between the two Seaway Corporations. The St. Lawrence Seaway directly serves the eight-state, two-province region, which represents the world's fourth largest economy.

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

Mission Statement

The SLSDC operates and maintains the U.S. infrastructure and waters of the St. Lawrence Seaway, while performing economic and trade development activities focused on economic development for the Great Lakes St. Lawrence Seaway System. Its mission is to serve the marine transportation industry by providing a safe, secure, reliable, efficient, and competitive deep draft international waterway, in cooperation with Canada.

Vision Statement

The SLSDC will be a model federal agency, supporting economic activity in the Great Lakes region and leading the Great Lakes St. Lawrence Seaway System as the safest and most efficient, competitive, technologically advanced, and environmentally responsible marine transportation system in the world.

Core Organizational Values

Accountability, Competitiveness, Customer Focus, Dedication, Diversity, Excellence, Integrity, Operational Efficiency, Relevance, Service, and Quality.

Each year, the SLSDC 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 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 Corporation. With the enactment of the Water Resources Development Act of 1986, P.L. 99-662, which created the Harbor Maintenance Trust Fund (HMTF), the SLSDC 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 SLSDC 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.

SLSDC Financial Activity by Fiscal Year

Selected Financial Indicators *
(in thousands of dollars)

For the Fiscal Years Ended September 30	2014	2013	Change $	Change %
Operating Revenues	**17,334**	**7,246**	**10,088**	**139**
Appropriations expended	16,556	6,408	10,148	158
Other	778	838	(60)	(7)
Operating Expenses	**17,074**	**15,467**	**1,607**	**10**
Personnel services and benefits	13,221	12,466	755	6
Other	3,853	3,001	852	28
Imputed Financing and Expenses				
Imputed financing	963	915	48	5
Imputed expenses	963	915	48	5
Total Assets	**160,559**	**149,751**	**10,808**	**7**
Time Deposits in Minority Banks	**10,013**	**10,475**	**(462)**	**(4)**
Short-term	8,825	9,182	(357)	(4)
Long-term	1,188	1,293	(105)	(8)
Interest Income from Minority Banks	**63**	**82**	**(19)**	**(23)**

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

Operating Revenues

Operating revenues, excluding imputed financing, totaled $17.3 million in Fiscal Year (FY) 2014, a $10 million increase. Appropriations expended, representing the amount of the HMTF expended for operating purposes, increased $10 million and other revenues decreased $60,000.

Operating Expenses

Overall operating expenses of $17.1 million, excluding depreciation and imputed expenses, increased by $1.6 million. Personnel services and benefits increased $755,000 and other costs increased $852,000. Personnel services and benefits represented 77 percent of the Corporation's operating expenses in FY 2014.

Other costs of $3.9 million included: $2.3 million for other contractual services; $981,000 for supplies and materials; $199,000 for rent, communications, and utilities; $183,000 for travel and transportation of persons and things; $142,000 for equipment not capitalized; and $14,000 for printing and reproduction.

The Corporation employed 136 people on September 30, 2014, including 10 temporary employees.

Imputed Financing and Expenses

Effective in 1997, the Corporation 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 another entity, OPM, offset by an imputed financing source to the receiving entity, the Corporation.

Total Assets

The Corporation's financial position continues to remain sound with total assets of $161 million. Plant, property, and equipment are valued at $123 million.

Time Deposits in Minority Banks and Interest Income

A key asset of the Corporation is time deposits in minority banks, totaling $10 million at year-end, a decrease of $462,000. The lower amount invested in addition to lower interest rates led to a 23 percent decrease in interest on deposits in minority banks. The interest income is an important financing source for the Corporation.

Unobligated Balance

The Corporation had an unobligated balance on September 30, 2014 of $16.9 million, comprised of $3.2 million of unused borrowing authority and $13.7 million in financial reserves. The reserve is maintained to finance emergency or extraordinary expenditures to ensure safe and uninterrupted use of the Seaway, a policy affirmed by the U.S. Department of Transportation, Office of Management and Budget, and the U.S. Congress in Appropriation 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).

Agency Operations

Other-than-personnel expenditures for Agency Operations totaled $4.2 million. Specific operating expenditures for Agency Operations included: $684,000 for capitalized equipment; $632,000 for special operating projects; $614,000 for general operating expenses; $325,000 for lock inspection and maintenance; $176,000 for equipment, vehicle, and vessel maintenance; and $121,000 for building maintenance.

SLSDC's Asset Renewal Program

As part of its FY 2009 budget request to Congress, the SLSDC developed an Asset Renewal Program (ARP) to address the long-term asset renewal needs of the U.S. Seaway infrastructure. A perpetual infrastructure asset such as a lock requires a capital investment equivalent to its original cost over its design life, which is typically 50 years, in order to sustain itself. The U.S. portion of the St. Lawrence Seaway was built in the late 1950s at an original cost of $130 million. Prior to the start of the ARP in FY 2009, only $47 million in capital expenditures had been invested in the U.S. Seaway locks since they opened in 1959.

Miter gate rehabilitation work continued around the clock at the Snell Lock in Massena, N.Y.

The 61 projects included in the current ARP are estimated to cost $190 million and address various needs for the two U.S. Seaway locks, the Seaway International Bridge connecting Ontario and New York, maintenance dredging, operational systems, and Corporation facilities and equipment. None of these investments will result in increases to the authorized depth or width of the navigation channel or to the size of the two existing U.S. locks.

In FY 2014, the SLSDC obligated $14.2 million in other-than-personnel costs, including accrued expenditures and undelivered orders, for Year Six of its ARP. Other-than-personnel accrued expenditures under the ARP program, not including undelivered orders, totaled $13.4 million and primarily included: expenditures of $3 million for miter gate rehabilitation at upstream and downstream Eisenhower Lock; $3 million for miter gate rehabilitation at downstream Snell Lock; $2 million for spare gate storage and assembly area rehabilitation at Snug Harbor; $1 million for lock spare parts storage upgrades; $1 million for ice flushing system installation; $850,000 for Eisenhower Lock Visitors' Center improvements; $741,000 for emergency generator upgrades; $655,000 for floating plant upgrades; $347,000 for vessel self-spotting equipment installation; and $302,000 for gallery and recess drainage infrastructure upgrades.

Major FY 2014 project details:

ARP Project No. 42: Both Locks – Miter Gates – Structural Rehabilitation – Abhe & Svoboda completed work for blast cleaning and painting the upstream and downstream miter gates at Eisenhower Lock. Greenman-Pedersen inspected the work to ensure specification conformance.

ARP Project No. 2: Both Locks - Rehabilitate Downstream Miter Gates – Hohl Industrial completed work for rehabilitating the downstream miter gate at Snell Lock that included replacing miter and quoin contact blocks, diagonals, gate anchorage assemblies, pintles and bushings, and rubber gate seals. C&S Engineers inspected the work to ensure specification conformance.

ARP Project No. 32: Snug Harbor – Rehabilitate Spare Gate Storage and Assembly Area – Tower Maintenance completed a major portion of the work to clean, paint, and make repairs to the storage trusses, erection towers and spare gate sections. Lowe Gravelle inspected the work to ensure specification conformance.

ARP Project No. 26: Corporation Facilities – Upgrade Storage for Lock Spare Parts – Diverse Construction completed work to construct two storage buildings at the Marine Base/Maintenance Facility for storage of lock spare parts, tools, and equipment.

ARP Project No. 41: Snell Lock – Install Ice Flushing System Technologies – Modifications to the contract with Hohl Industrial were necessary due to unanticipated conditions encountered during the installation of the ice flushing system. A modification to the design contract with Parsons Brinckerhoff was required to investigate the causes of the issues that were discovered when the ice flushing system was commissioned and tested.

ARP Project No. 52: Corporation Facilities – Eisenhower Lock Visitors' Center – Replace – Continental Construction completed construction of a new Security/ Restroom Building at the site of the Eisenhower Lock Visitors' Center. The work also included the construction of a new septic system and the demolition of the existing Restroom Building. Aubertine & Currier continued to finalize specifications and drawings for the demolition work and new construction of the Eisenhower Lock Visitors' Center.

ARP Project No. 38: Both Locks – Upgrade/Replace Emergency Generators – Collins-Hammond commenced work on a project to replace the emergency generators at both Eisenhower and Snell Locks that also included replacing the transformers and damaged buried feeder cables.

ARP Project No. 12: Corporation Equipment – Floating Plant/Tugs – Replace – Robert Allen Ltd. was awarded the next phase of their contract to design a tugboat to replace the Robinson Bay. This work included development of conceptual, preliminary, and final designs as well as specifications and drawings for the construction of the tug. Modifications to the contract with Basic Marine were necessary to address issues related to the delivery and commissioning of the buoy barge crane.

ARP Project No. 22: Both Locks – Install Vessel Self Spotting Equipment – All of the major system components were ordered, a contract was awarded to Averna for assembly, testing, and commissioning of vessel self-spotting systems at both Eisenhower and Snell Locks.

ARP Project No. 33: Both Locks – Upgrade Drainage Infrastructure in Galleries and Recesses – Dyna-Mole completed work for cleaning plugged and slow running drains at both Eisenhower and Snell Locks.

Significant Future Costs and Anticipated FY 2015 Accomplishments

Included in the SLSDC's FY 2015 budget request to Congress was a five-year ARP Capital Investment Plan. For the FY 2015-2019 time frame, the Seaway ARP includes 44 projects estimated to cost $91 million with total funding for each year of the plan constrained to funding targets for those years as approved by the Office of Management and Budget (OMB).

The Corporation's FY 2015 budget request, Year Seven, includes 22 ARP projects totaling $14.3 million. Major ARP projects proposed to be funded in FY 2015 include installation of vessel vacuum mooring systems ($8 million); upgrade of miter gate machinery at the Seaway locks ($1.8 million), structural rehabilitation of miter gates ($800,000), replace tug ($750,000), replace roofs ($500,000).

Major FY 2015 project details:

ARP Project No. 23: Both Locks – Install Vessel Vacuum Mooring Systems (Capital Project) ($8,000,000) – This project is for installing hands-free vacuum mooring equipment at both Eisenhower and Snell Locks. The equipment is designed to hold vessels in place while they are in the lock instead of using wire ropes deployed by the vessel's crew to tie the vessel to bollards on the lock wall. It is a two-year project that will require funding of $8 million in each year.

This new technology, once fully implemented, will reduce the need for SLSDC employees to tie vessels up while in the lock thereby reducing the risk of injuries resulting from handling the wire ropes. In addition, vessel operating costs would be reduced to reflect smaller crew sizes and less equipment to meet current transit requirements.

The Canadian SLSMC initiated this project and began testing the new technology at their Welland Canal locks in 2007. On-going testing has led to a fourth generation design, which includes three units with two vacuum pads on each unit, mounted in slots along the lock chamber wall. Both the SLSMC and Transport Canada are fully committed to installing this new technology at all 13 of the Canadian Seaway locks by 2017.

ARP Project No. 43: Both Locks – Miter Gate Machinery – Upgrade/Replace (Capital Project) ($1,800,000) – This project is for replacing the operating machinery for the miter gates at both locks. This machinery is more than 50 years old and needs to be upgraded to ensure its continued reliability.

ARP Project No. 42: Both Locks – Miter Gates – Structural Rehabilitation (Capital Project) ($800,000) – This project is to blast clean, perform structural repairs to, and paint the miter gates at both locks to prevent further corrosion of these structures. They were last cleaned and painted 30 years ago.

ARP Project No. 12: Corporation Equipment – Floating Plant/Tugs – Replace (Capital Equipment) ($750,000) – This is an ongoing program to rehabilitate and/or replace the Corporation's floating plant that is utilized for maintaining the locks and navigation channels. This multi-year project includes: replacing the SLSDC's tugboats *Robinson Bay* and *Performance*; upgrading the buoy tender barge; purchasing a boat to be used for hydrographic surveying with upgraded surveying equipment and software; purchasing a small boat for emergency response; purchasing a spud barge/scow for work on navigational aids and for emergency spot dredging; and rehabilitating the Corporation's crane barge/gatelifter *Grasse River*, which would have to be utilized if a miter gate were damaged and had to be replaced.

In FY 2013, the SLSDC contracted with the naval architect and marine engineering firm Robert Allan Ltd. to complete a replacement vs. upgrade/rehabilitate cost analysis for the SLSDC's tug fleet, which includes the *Robinson Bay* and *Performance,* to meet current regulations and requirements. Findings from Robert Allan Ltd. indicate that the upgrade/rehabilitate option is not economically feasible for the Robinson Bay or for the *Performance*.

The total cost to replace the two tugboats over a four-year period is $24.8 million. The four-year funding breakout is as follows: FY 2015 ($750,000) to award the large tug (*Robinson Bay* replacement) design; FY 2016 ($10,000,000) to begin construction of the large tug; FY 2017 ($10,000,000) to complete construction of the large tug and award small tug (*Performance* replacement) design; and FY 2018 ($4,000,000) to complete construction of the small tug.

ARP Project No. 13: Corporation Facilities – Replace Roofs (Capital Project) ($500,000) – This project is for replacing the roofs on the Corporation's various buildings and facilities in Massena, N.Y., as required. Most of the roofs are currently insulated ethylene propylene diene monomer (EPDM) roofs with a service life of 10-15 years and have reached the end of that time frame. Annually, roofs are inspected and repaired as required. The results of these inspections and the frequency and severity of the repairs required determine the priority for their replacement. The FY 2015 request will provide funding to finish the lower roof replacement at the SLSDC Maintenance Building and replace the roof at the Marine Services facility.

SLSDC contractor prepares to put the finishing touches on one of the cleaned and painted spare gate sections being stored at the SLSDC Snug Harbor.

SLSDC Completes Sixth Year of Its Multi-Year Asset Renewal Program

During FY 2014, the SLSDC continued its work in the area of U.S. Seaway infrastructure renewal as part of its multi-year Asset Renewal Program (ARP). The ARP was started in FY 2009 to rehabilitate and modernize the SLSDC's lock infrastructure, vessels, facilities, and equipment in Massena, N.Y.

In FY 2014, the SLSDC obligated $14.2 million on 24 ARP projects. Major ARP activities obligated in FY 2014 included: miter gate structural rehabilitation at Snell Lock ($3.7 million); miter gate machinery rehabilitation ($3.7 million); culvert valve upgrades ($1.4 million); and Eisenhower Lock highway tunnel paving and drainage improvements and lighting and electrical distribution upgrades ($1.1 million). Through the first six years of ARP funding (FYs 2009-2014), the SLSDC has obligated $94 million on more than 43 separate projects.

The SLSDC's ARP is resulting in not only modernized infrastructure and new equipment to ensure the long-term reliability of the St. Lawrence Seaway, but it is also having a positive and significant impact on the Upstate New York economy. In fact, approximately two-thirds of the ARP funds obligated during the program's first six years, totaling more than $60 million, were awarded within the region. In addition to these contracts, the ARP is producing $1.5-$2.5 million in additional economic benefits to the region (local permanent and temporary hires, local spending on supplies and equipment, lodging, meals, etc.) each year.

The completion of ARP 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 ARP projects will involve the implementation of new and improved technologies for the operation of the Seaway infrastructure, resulting in reduced maintenance needs and operating costs to Seaway users.

SLSDC Maintains 100 Percent Inspections of Foreign Vessels Entering the St. Lawrence Seaway

Under the Enhanced Seaway Inspection (ESI) program, the SLSDC inspects all ocean vessels on their initial transit into the St. Lawrence Seaway. The inspection focuses on safety and environmental protection issues and occurs in Montreal, Que., before the vessel enters the Seaway and U.S. waters. The SLSDC and the U.S. Coast Guard (USCG) signed a Memorandum of Understanding (MOU) in March 1997 to develop this program of coordinated vessel inspection and associated enforcement activities. This MOU was also developed in conjunction with the Canadian SLSMC and Transport Canada and continues to guide Seaway maritime policies and procedures. The ESI program expedites the safe transit of shipping through the Great Lakes St. Lawrence Seaway System.

ESI inspections are jointly performed by SLSDC and SLSMC marine inspectors. Each inspection covers both Seaway-specific fittings as well as port state control items identified by the USCG and Transport Canada as required for Great Lakes-Seaway vessel transits. In the event major deficiencies are identified, Transport Canada and the USCG are notified and the vessel is detained in Montreal until all deficiencies are cleared.

The proactive approach and continued improvement of the inspection program has been successful in reducing the number and frequency of incidents both on the St. Lawrence River and in and around the lock facilities. In addition, the inspection program has eliminated the practice of duplicative inspections, allowing for a more seamless and efficient transit of the Seaway.

The SLSDC's goal for performing inspections of all foreign-flag vessels on their initial Seaway transit each year was achieved during the 2013 navigation season, with 204 inspections conducted by SLSDC personnel. As of September 30, 184 vessel inspections had been completed in 2014.

SLSDC Continues Key Role on Great Lakes Regional Waterways Management Forum

In FY 2014, the SLSDC continued to play a key role in the Great Lakes Regional Waterways Management Forum, a group of U.S. and Canadian federal representatives who work cooperatively to identify and resolve waterways management issues that involve the Great Lakes region. The Forum specifically reviews issues across multiple jurisdictional zones and/or those involving international issues. The Forum is also tasked with developing operational solutions that improve the use and effectiveness of the Great Lakes.

SLSDC Participates in Annual Emergency Exercise

The SLSDC sustains an Emergency Response Plan that enhances the Corporation's ability to respond to any vessel incident. The SLSDC 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 local environment and on Seaway trade and commerce. Annual training and drills are practiced to ensure that resources are adequate for an effective response. Most training and drills are multi-agency led and attended by local response agencies and environmental groups. Since 1992, the SLSDC has participated in and/or hosted 34 annual emergency exercises.

On August 21, 2014, the SLSDC, in coordination with the St. Regis Mohawk Tribe's Environmental Response Team, U.S. Coast Guard, and other local agencies, participated in a regional planning and boom deployment exercise on the St. Lawrence River. The exercise provided local responders with practical training in boom deployment, handling, water craft maneuvering, and testing of local response capability in advance of a potential spill in Tribal waterways. In addition, the gathering provided the opportunity for the Tribe and cooperating response agencies, including the SLSDC, to network and learn from one another about their response capability, tactics, and practical skills.

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St. Regis Mohawk Tribe's Environmental Response Team, U.S. Coast Guard officials, SLSDC maintenance crew, and other local agencies' participants prepare boom deployment during a mock drill along the St. Lawrence River on August 21, 2014.

Federal Report Highlights Continued Effectiveness of the Great Lakes Seaway System Ballast Water Inspection Program

In March 2014, a new report showed the continued effectiveness of the current Great Lakes Seaway ballast water management regime during the 2013 navigation season. This was evident in both the number of ballast tank inspections of oceangoing commercial ships entering the Great Lakes St. Lawrence Seaway System from outside U.S. or Canadian waters, as well as the extent of compliance with ballast water management requirements.

The *2013 Summary of Great Lakes Seaway Ballast Water Working Group* examined the U.S.-Canada Great Lakes Seaway System ballast water ship inspection program. In 2013, 99 percent of all international vessels entering the St. Lawrence Seaway were in compliance with Seaway regulations requiring that water in ballast water tanks be at least 30 parts salt per thousand parts per water (30 ppt.). Compliance has steadily increased: 2013 (99 percent), 2012 (98 percent), 2011 (97 percent), and 2010 (94 percent). During 2013, 100 percent of the ships bound for the Great Lakes from outside the Exclusive Economic Zone (EEZ) received a ballast tank exam, compared with 100 percent in 2012, 100 percent in 2011, 100 percent in 2010, 100 percent in 2009, 99 percent in 2008, and 74 percent in 2007. Vessels that had not conducted a ballast water exchange or flush were required to either retain the ballast water and residuals on board, treat the ballast water in an environmentally sound and approved manner, or return to sea to conduct a ballast water exchange.

The effectiveness of the Seaway's ballast water inspection program has been publicly credited as a key factor in preventing the discovery of establishment of any new species in the Great Lakes since 2006 – the longest such period of non-detection on record.

The report was prepared by the Great Lakes Seaway Ballast Water Working Group (BWWG), which includes representatives of the SLSDC, Canadian SLSMC, the USCG's Ninth District, and Transport Canada. The group coordinates U.S. and Canadian enforcement and compliance efforts to reduce the introduction of aquatic invasive species in the Great Lakes via ships' ballast water.

In 2008, the SLSDC implemented regulations requiring all oceangoing ships with no ballast in their tanks to conduct saltwater flushing of their empty ballast water tanks before arriving in the Seaway. Under these requirements, vessels must conduct saltwater flushing of their tanks that contain residual amounts of ballast water and/or sediment. Flushing must occur in an area 200 nautical miles from any shore before entering waters of the Seaway.

SLSDC Continues to Support Binational "Green Marine" Program; Achieves Higher Level of Environmental Performance

In FY 2014, the SLSDC continued to support and participate in the U.S.-Canadian "Green Marine" initiative, a marine industry partnership program aimed at demonstrating and communicating the maritime industry's commitment to addressing a number of key environmental issues.

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

In June 2014, the SLSDC was presented with its sixth certificate as an active participant in Green Marine's binational environmental program. All participants must complete a yearly self-evaluation to demonstrate their environmental performance based on numerous criteria and undergo an independent third-party verification to confirm the results and provide input and guidance on reaching the highest level. The performance indicators range on a scale from 1 to 5, with 1 representing regulatory compliance and 5 reflecting leadership and excellence. For 2013, the SLSDC achieved a rating of 4.1 (industry average was 3.1). The Corporation achieved this level of performance for curbing greenhouse gases and implementing environmental leadership. Although Green Marine is a voluntary program, the results are subject to rigorous external verification.

SLSDC Continues to Play Leadership Role on Great Lakes Ballast Water Collaborative

In late FY 2009, the SLSDC initiated the Great Lakes Ballast Water Collaborative (BWC), in conjunction with the International Joint Commission, to bring together industry and regulators (federal and state) on the issue of ballast water and invasive species in the region. One of the primary goals of the BWC is to share relevant, useful, and accurate information and foster better communication and collaboration among the key stakeholders engaged in the effort to reduce the risk of the introduction and spread of aquatic nuisance species.

A particular emphasis of the BWC has been to bring state representatives together with marine industry representatives and respected scientists to share information and find workable and effective solutions to the aquatic invasive species challenge.

In FY 2014, the BWC played a key role in developing stronger connections among scientists, regulators, environmental non-governmental organizations (NGOs), and Seaway users. It has been instrumental in developing a more uniform regulatory approach for ballast water for the Great Lakes and for the entire country.

On March 3-4, 2014, the SLSDC facilitated a BWC meeting in Silver Spring, Md., at the National Oceanic and Atmospheric Administration's (NOAA's) Science Center and Auditorium. The key focus areas for the March 2014 meeting were the implementation of the current regulatory structure, and how to get Ballast Water Management Systems (BWMS) in place in the Great Lakes Seaway System as quickly as possible. The group heard presentations from scientific, regulatory, and industry experts and engaged in lively discussions on these topics.

In September 2009, the BWC held its first meeting in Detroit, Mich., as an information-sharing forum on ballast water issues for the Great Lakes Seaway System. To date, the SLSDC has co-hosted seven BWC meetings to include representatives from state and provincial governments (Minnesota, Wisconsin, Illinois, Ohio, Michigan, New York, and Ontario); U.S. and Canadian regulatory agencies; senior executives from the U.S.-flag laker, Canadian-flag laker, and international fleets; and leading academic ballast water researchers from Canada and the United States.

Reports from these meetings are available on the binational Seaway website (www.greatlakes-seaway.com) and have been cited by the EPA Science Advisory Board, the California State Lands Commission, and the Wisconsin Department of Natural Resources. The widespread use of the reports and the robust attendance at Collaborative meetings are indicative of the need that was filled by Collaborative activities.

SLSDC Deputy Administrator Honored by EPA and DOT for Leadership in Protecting the Great Lakes Environment

Craig Middlebrook receives the Partner of the Office of Water Award from the Environmental Protection Agency (EPA). (from left; Andrew Sawyer, EPA, Office of Wastewater Management; Nancy Stoner, EPA, Acting Assistant Administrator; Craig Middlebrook, SLSDC, Deputy Administrator; Betty Sutton, SLSDC, Administrator; and Michael Shapiro, EPA, Deputy Assistant Administrator)

On December 17, 2013, SLSDC Deputy Administrator Craig Middlebrook was honored by the U.S. Environmental Protection Agency (EPA) for "outstanding leadership supporting environmental protection in the Great Lakes" as he received the Partner of the Office of Water Award at a ceremony at EPA headquarters in Washington, D.C.

This prestigious award was bestowed to Mr. Middlebrook for his work assisting EPA's efforts with regard to ballast water management in order to protect the environment in the Great Lakes states region. He has worked to bring together state environmental regulators and U.S. and Canadian federal regulators to promote consistency in ensuring that vessels entering the Great Lakes comply with all ballast water management requirements. The SLSDC, along with its Canadian partners and the U.S. Coast Guard, has played a pivotal role in helping inspect the ballast tanks of all international vessels entering the Seaway, and as a result, there has been a substantial decrease in the numbers of invasive species established in the region, with no new invaders documented in the last seven years.

In addition, Mr. Middlebrook was recognized on April 30, 2014, by the U.S. Department of Transportation in receiving the agency's 2013 Sustainability Leadership Award. He was presented the award for his leadership on the Great Lakes Ballast Water Collaborative and other environmentally significant projects.

Economic and Trade Development Initiative

The statute that created the SLSDC provided general authority for the Corporation to undertake trade development activities. Marketing programs that promote Seaway utilization have had a multitude of benefits. The primary benefit is the stimulation of U.S. and Canadian port city economies through increased maritime industry, including services and employment to support international trade activity. Furthermore, the Corporation engages in activities designed to increase public awareness of the Seaway. This includes costs associated with strategies aimed at identifying new markets for, and increasing use of, the Great Lakes Seaway System.

By working collaboratively with the Canadian SLSMC and stakeholders from around the system, the SLSDC has developed and executed numerous programs designed to educate international audiences about the many opportunities for moving cargo to and from the heartland of North America.

SLSDC Supports New Liner Service Between Cleveland and Europe

In April 2014, the SLSDC joined the Port of Cleveland and the Dutch carrier company The Spliethoff Group in announcing and promoting the launch of the new Cleveland-Europe Express monthly liner service. The new service runs between the Port of Cleveland and Antwerp, Belgium, via the St. Lawrence Seaway and is the first regularly scheduled international liner service to a U.S. port on the Great Lakes in decades. The Cleveland-Europe Express is the only direct, scheduled vessel service that moves containerized and non-containerized cargo between the Great Lakes and Europe, through the Port of Antwerp with a sailing time of 13 days. In September 2014, the port and Spliethoff announced their intent to add a second monthly vessel to the program beginning in 2015.

The SLSDC supported the development and implementation of the new liner service in FY 2014 by identifying trade patterns and potential cargoes and shippers, co-hosting an informational workshop with prospective customers, and preparing statistical analyses for use in attracting new business.

SLSDC Co-Hosts Annual Highway H2O Conference

The SLSDC participated in the 9th Annual Highway H2O Conference in Toronto, Ont., November 13-14, 2013. Conference speakers shared insights on economic activities and cargo trends, infrastructure developments that capture business opportunities, and innovation throughout the global maritime industry. They affirmed that change is not a new concept to Seaway System stakeholders, but as economic recovery continues, adapting to those changing markets is more critical than ever. The audience learned that leaders in the maritime transportation industry have enhanced their business environments through infrastructure improvements and innovation and continue to develop sustainable practices for the Great Lakes Seaway system. The event attracted the largest number of attendees to date (149) representing a wide range of professionals from all transportation modes.

NORTH AMERICA'S OPPORTUNITY BELT

The Dutch vessel Fortunagracht makes its inaugural voyage of the Cleveland-Europe ocean freight liner service.

SLSDC Participates in European Biomass Conference in London

In April 2014, the SLSDC participated in the annual Argus European Biomass trading Conference and Exhibition in London, England. The conference provided Seaway delegates with the opportunity to promote the Great Lakes Seaway System to the biomass industry as a safe, reliable, and efficient transportation route for North American markets. Several Great Lakes ports are interested in developing the infrastructure to support the movement of wood pellets to Europe through the Seaway System.

Six U.S. Ports Earn SLSDC's Robert J. Lewis Pacesetter Award

In FY 2014, the SLSDC honored six Great Lakes Seaway System ports with its Robert J. Lewis Pacesetter Award for registering increases in international cargo tonnage shipped through their ports during the 2013 navigation season compared to 2012.

Administrator Betty Sutton, SLSDC, presents the Robert J. Lewis Pacesetter Award to Marc Krantz, Chairman of the Board, Cleveland-Cuyahoga Port Authority.

Port of Monroe officials receive the Robert J. Lewis Pacesetter Award - (left – right) Thomas Chryston, Chairman of the Board, Port of Monroe; Betty Sutton, Administrator, SLSDC, Paul LaMarre, Port of Monroe; and Dale Bose, Vice Chairman, Port of Monroe.

SLSDC Administrator Betty Sutton, presents the Robert J. Lewis Pacesetter Award to Paul Toth, President & CEO of the Toledo-Lucas County Port Authority.

The six ports that have won the Pacesetter Award for 2013 were the Port of Green Bay (Wis.), Detroit-Wayne County Port Authority (Mich.), Duluth Seaway Port Authority (Minn.), Cleveland-Cuyahoga County Port Authority (Ohio), Toledo-Lucas County Port Authority (Ohio), and the Port of Monroe (Mich.). Commodities accounting for almost all of the increases in international cargoes handled by the six Pacesetter winners included pig iron, petroleum products, asphalt, sugar, grain, coal, clay, coke, and steel. High value project cargo such as electrical transformers and energy components were also handled by the winners during the 2013 season.

SLSDC Participates at Annual Cruise Shipping Miami Conference

The Great Lakes Seaway System delegation at the Annual Cruise Shipping Miami Conference.

In coordination with the Great Lakes Cruising Coalition, the SLSDC participated in the annual Cruise Shipping Miami Conference, March 11-13, 2014 in Miami, Fla. For more than 25 years, the cruise ship industry has gathered in Miami to promote every aspect of the marine passenger travel industry. This year's event attracted more than 11,000 visitors and 1,000 exhibitors and represented the 14th consecutive year that a Great Lakes Seaway delegation has exhibited at the conference.

The Great Lakes Seaway System delegation introduced cruising on the Great Lakes to new customers and reaffirmed the Great Lakes as one of the safest destinations for cruise ships as well as a comfortable environment for travelers seeking vacation options closer to home. The delegation also staffed an information booth at the conference and hosted an information session for more than 30 senior managers engaged in global cruising. In addition, SLSDC officials worked directly with cruise ship owners and operators, discussing requirements and providing technical information for cruise ships entering the Seaway System.

SLSDC and SLSMC Host Annual Stakeholder Appreciation Reception

In conjunction with the annual events surrounding Montreal Marine Day events, the SLSDC and SLSMC sponsored its annual trade promotion and stakeholders appreciation reception in Montreal, Que., December 5, 2013. This event allows the Seaway Corporations to support ongoing and future marketing efforts designed to raise the profile of the System and to increase tonnage and vessel activity. This event is also an opportunity to thank stakeholders for their continued support of the Great Lakes Seaway System. This year's reception was attended by more than 165 stakeholders as well as current and potential customers from several European countries.

SLSDC Participates in Breakbulk Conferences in Antwerp and Houston

The SLSDC participated in two major breakbulk conferences during FY 2014 as part of a Great Lakes Seaway System Highway H2O delegation. In May 2014, the SLSDC exhibited at the 9th Annual Breakbulk Europe Exhibition and Conference in Antwerp, Belgium. More than 6,500 participants and 200 exhibitors from the breakbulk trade and transportation communities attended the event, breaking an all-time conference record. In late September 2014, the SLSDC participated in the Breakbulk Americas Exhibition in Houston, Texas.

The Great Lakes Breakbulk Conference delegation – (from left; Bruce Hodgson, SLSMC, Director Market Development; Betty Sutton, SLSDC, Administrator; Wade Davis, Ogdensburg Bridge and Port Authority, Executive Director, and Rebecca Spruill, SLSDC, Director, Office of Trade Development.)

SLSDC Senior Leadership Perform Economic Development and Maritime Transportation Outreach

Throughout FY 2014, SLSDC Administrator Betty Sutton and Deputy Administrator Craig Middlebrook represented the Corporation at various meetings, events, and conferences to support regional economic activity and promote safe, efficient, and reliable maritime transportation on the Great Lakes Seaway System. In several instances, Administrator Sutton or Deputy Administrator Middlebrook delivered the keynote address at major industry events. These included events hosted by the American Great Lakes Ports Association, Council of Great Lakes Governors, Toledo Metropolitan Area Council of Governments, St. Lawrence Economic Development Council, International Longshoremen's Association, Council of State Governments, Journal of Commerce, U.S. Coast Guard, and many of the Great Lakes Seaway System's port authorities.

U.S. Rep. Marcy Kaptur, D-Toledo; Rick Novak, executive director of the Lorain Port Authority, Betty Sutton, Administrator, SLSDC, and other officials cut the ribbon for the Lorain Port Authority ferry terminal. (photo: Bruce Bishop/ Chronicle)

Paul Toth, President and CEO, Toledo-Lucas County Port Authority (left – right); Joe Cappel, Director of Cargo Development, Toledo-Lucas County Port Authority, and Betty Sutton, Administrator, SLSDC attend the ribbon-cutting ceremony at the Toledo Maritime Academy.

SLSDC Maintains ISO 9001: 2008 Certification

In June 2014, the SLSDC successfully completed a two-day surveillance audit of its International Standards Organization (ISO) 9001:2008 certified quality management system, conducted by Lloyds Register of Quality Assurance, an independent accrediting agency. The ISO 9001:2008 standard focuses on self-assessment, ongoing improvements, and performance metrics.

The review found that the SLSDC successfully carried out any corrective/preventive actions as warranted and detailed in the management system. In addition, the SLSDC's proposed implementation of Microsoft SharePoint as the organization's central repository and version control management system for ISO-related documentation was highlighted and praised.

In 1998, the SLSDC began the process of certifying its operational business practices through internationally recognized ISO standards. Recognition is only conferred on those service firms and organizations that meet the highest quality customer service and management standards set by the Geneva, Switzerland-based ISO.

The SLSDC's certification is internationally recognized and complements the agency's marketing and trade development efforts overseas. Customer feedback is taken seriously and improvements are made as a result. Maintaining ISO certification has kept Corporation officials focused on finding better ways of operating the waterway, and recognizing how agency initiatives and decisions affect its customers, both internally and externally. Other benefits of the SLSDC's ISO certification include improved communications within the organization, redefined business processes that are clearly understood by employees, and integrated performance measurements and objectives with the agency's mission.

SLSDC Employees and Teams Receive USDOT Secretarial Awards

On December 11, 2013, U.S. Transportation Secretary Anthony Foxx recognized two SLSDC employees and two SLSDC teams at the Department's 46th Annual Awards Ceremony at the DOT Headquarters Building in Washington, D.C. The Secretary recognized employees and teams across DOT who performed their duties in an exemplary manner to meet the Department's strategic goals and accomplish its mission.

Patricia White, SLSDC Chief of Procurement and Supply, received a Meritorious Achievement Award, the third highest award within the DOT given by the Secretary in recognition of exceptionally meritorious service to the Department. Danny Brabon, Leader/Tug Master in the SLSDC's Marine Division, received the Secretary's Excellence Award, given to Federal employees who have achieved outstanding performance in all aspects of their work and deserve special commendation.

Two groups of employees also received awards for noteworthy accomplishments as a team effort. The SLSDC's Draft Information System Team, which helped develop and implement a groundbreaking navigational technology now in use in the St. Lawrence Seaway System, and the SLSDC's Social Media Team, which accepted a team award in recognition of their outreach to maritime constituencies and the general public through new and innovative practices including social media.

Patricia White receives the Meritorious Achievement Award from U.S. Transportation Secretary Anthony Foxx during the Department's 46th Annual Awards Ceremony on December 11, 2013.

SLSDC employees participate in the Department's 46th Annual Awards Ceremony on December 11, 2013, (left – right); Adam Schlicht, Management Analyst; Nancy Alcalde, Director, Office of Congressional and Public Relations; Patricia White, Chief of Procurement and Supply; Joy Pasquariello, Public Affairs Specialist, and Craig Middlebrook, Deputy Administrator.

SLSDC Serves on GLMRI Advisory Board

During FY 2014, the SLSDC continued to serve as a member of the Advisory Board of the Great Lakes Maritime Research Institute (GLMRI). The GLMRI was established in 2004 as a consortium between the University of Wisconsin-Superior and the University of Minnesota-Duluth and includes affiliate universities around the Great Lakes region. Its mission is to develop and improve economically and environmentally sustainable maritime commerce on the Great Lakes through applied research. Other GLMRI board members include the U.S. Coast Guard, U.S. Army Corps of Engineers, U.S. Maritime Administration, Great Lakes Commission, Lake Carriers' Association, American Great Lakes Ports Association, and Society of Naval Architects and Marine Engineers.

SLSDC and SLSMC Continue Joint Strategic and Business Development Initiative

During FY 2014, the SLSDC and SLSMC continued work on their joint strategic and business development initiative to ensure that the two Seaway governing entities continue to improve customer service and reduce costs. SLSDC and SLSMC officials met twice in FY 2014 – November 25-26, 2013 in Montreal, Que., and April 7-8, 2014 in Washington, D.C.

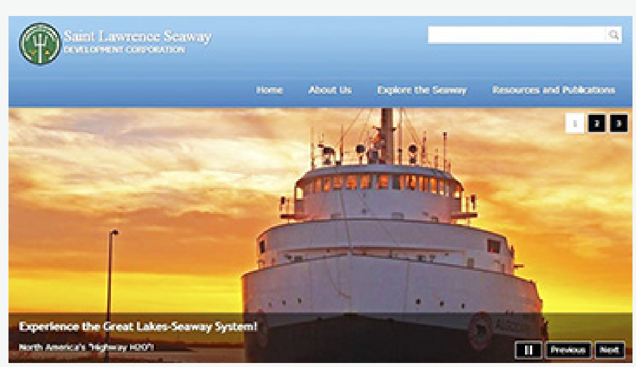
SLSDC and SLSMC senior managers delivered presentations in the areas of stakeholder engagement, business growth, and operational initiatives. Group discussions focused on coordination between the two agencies for continued service improvement, including follow-up on a number of priorities established at earlier joint sessions. Other topics at the meetings included: an update on the self spotting and hands-free mooring projects; alignment of asset renewal plans; organizational changes; "Jobs of the Future" updates; and a review of joint marketing activities.

SLSDC Continues to Expand Web Presence with Enhanced Government Website

In FY 2014, the SLSDC and SLSMC remained committed to reaching Seaway stakeholders and other interested constituents thorough new technologies and online mediums. On the web, the SLSDC is sharing comprehensive information specific on the safety, security, and economic efficiency of the St. Lawrence Seaway as well as marketing, trade, economic development, and other information vital to the Great Lakes community.

Launched on April 1, 2014, the SLSDC has fully modernized its government-specific website at www.seaway.dot.gov. The SLSDC collaborated closely with the U.S. Department of Transportation (DOT) to devise an enhanced website that includes a wide variety of SLSDC-specific content, including informative videos, an interactive historical timeline of the SLSDC, and easy-to-use links to the Seaway binational website (www.greatlakes-seaway.com). Unlike its earlier iteration, the new SLSDC government website is easily accessible on all mobile devices, including mobile phones and tablets. The website, which is directly accessible and shares a similar look-and-feel with DOT's recently updated website (www.dot.gov) is featured as part of department-wide content specific to maritime and waterways activities within the United States government. In only the six months since the website's launch, online traffic to www.seaway.dot.gov has grown exponentially, averaging over 8,300 unique page views and over 6,000 unique visits per month.

The reach and success of the SLSDC's official Facebook page has expanded significantly in FY 2014. Available at www.facebook.com/usdotslsdc, the SLSDC's Facebook page remains a hub of information for Seaway stakeholders seeking up-to-date information via social media. Complementing other Seaway social media activities, including the Hwy H2O Twitter handle (@hwyh2o), the SLSDC Facebook page showcases new and exciting developments within the Great Lakes Seaway System on a daily basis. Averaging over 500 unique posts annually, the SLSDC Facebook page is reaching approximately 500 people per week and has greatly expanded to nearly 700 "likes", doubling its social media presence in under a year.



SLSDC's "Jobs of the Future" Initiative Develops Future Operational Workforce

In FY 2014, the SLSDC continued implementing its "Jobs of the Future" (JOF) initiative to address operational and maintenance workforce needs given the real and anticipated technological advancements impacting Seaway operations. A similar initiative was successfully implemented by the Canadian SLSMC several years ago to broaden the skill sets of its operations and maintenance workforce to meet today's working requirements. SLSDC management and labor officials met regularly in FY 2014 to advance and improve the program with a focus on communications to ensure that workforce turnover, training, employee advancement, and career and succession planning were addressed.

The goal of the JOF initiative is to increase lock operations and maintenance productivity and ultimately improve service to SLSDC customers by adding skilled trade level skills (electrical/electronic and mechanical) to the position requirements of employees who operate the locks. These additional skill sets allows the employee to recognize and diagnose problems as they operate the locks. Since the Seaway locks operate round-the-clock throughout the navigation season (late March through late December), problems often occur outside the regular work hours of the SLSDC's maintenance division. The skilled trade level knowledge of the lock operators provides the opportunity for a repair to be made by the employee on shift, or for the skilled trade level employee to consult with the supervisor to determine if additional personnel should be deployed. Skilled trade lock operators also perform specific routine maintenance when there are no vessels transiting the locks, greatly enhancing the SLSDC's preventative maintenance program.

The SLSDC has also implemented a Skilled Trades Training program that, in addition to training at Lock Operations, will require Industrial Equipment Mechanic (Millwright) or Electrician/Electronics Mechanic skilled trades training. The program includes on-the-job training and formal course work. Successful completion of the training program will result in a journey-level position of Skilled Trades Lock Operator at the Wage Grade (WG)-10 level.

The St. Lawrence Seaway's 56th opening ceremony was held at the Canadian Welland Canal on March 31, 2014. (from left; Brian Benko, Vice President of Arcelormittal Dofasco; Terence Bowles, SLSMC, CEO and President; Algoma Chief Engineer Francois Tramblay; Algoma Captain Ross Armstrong; Betty Sutton, SLSDC, Administrator, and Greg Wight, Algoma Central Corporation, CEO.

SLSDC FY 2014 Performance Measures and Results

Safety

Enhanced Seaway Inspections — "Inspect 100 percent of ocean vessels during their first Seaway inbound transit at Montreal, Que., outside of U.S. waters, each navigation season." The goal was achieved during the 2013 season, with 204 vessel inspections conducted by SLSDC personnel. In 2014, through September 30, 184 vessel inspections had been completed.

Reliability

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. The goal was not achieved during the 2013 season with a reliability rate of 98.3 percent. The missed goal was caused by harsh weather conditions in the final weeks of the navigation season. System reliability during the 2014 navigation season, through September 30, was 97.6 percent. This reduced reliability rate was also due to adverse weather conditions in the early weeks of the season. Final FY 2014 system reliability was 97.2 percent.

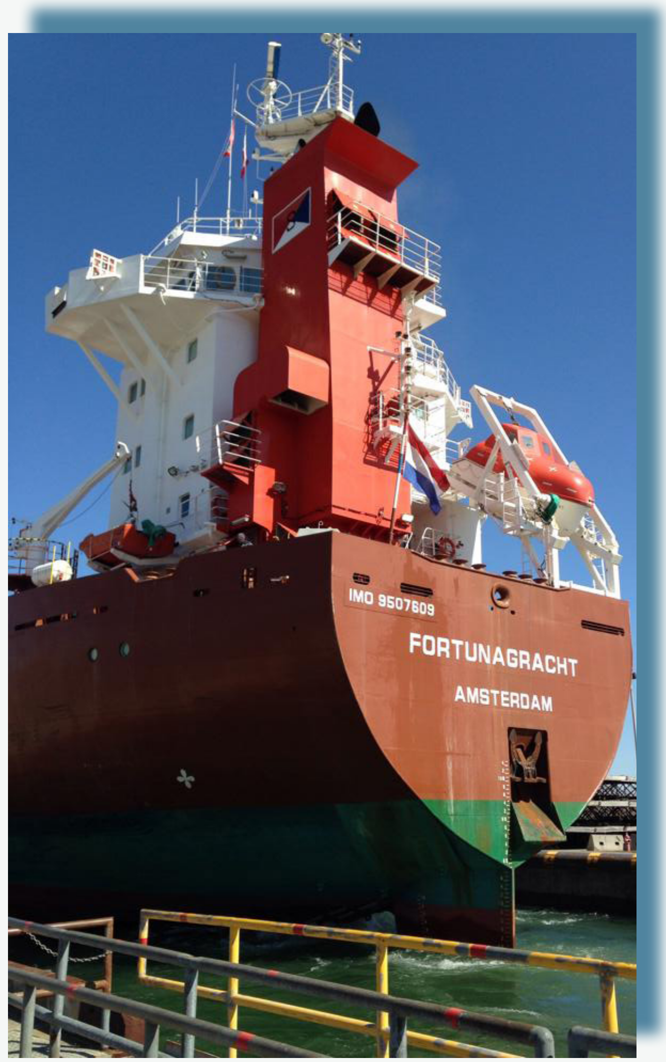
Lock Availability — "Minimize vessel delays due to lock equipment failure or malfunction." The goal each year is 99 percent lock availability. During the 2013 navigation season, the goal was met when the SLSDC achieved a 99.6 percent lock availability rate (27 hours, 4 minutes of lock-related delays). Lock-related delays in 2014, through September 30, totaled 14 hours, 5 minutes. Final FY 2014 lock-related delays totaled 28 hours, 27 minutes, which produced a 99.6 percent.

Management Accountability

Administrative Expenses — "Reduce the administrative overhead expense ratio of total operating expenses, excluding ARP projects, depreciation, and imputed expenses, to 25 percent or lower." The administrative expense ratio goal was met in FY 2014 at 22 percent.

Financial Reserve Balance — "Maintain/increase the financial reserve account to ensure contingency funding for catastrophic emergencies and funding for critical capital and extraordinary maintenance projects." The goal each year is to maintain a minimum year-end balance of $10 million. The financial reserve goal was met in FY 2014 with a year-end balance of $13.7 million.

Financial Audit Opinion — "Achieve an unqualified opinion (clean audit) in the independent examination of financial statements as well as no instances of non-compliance with laws and regulations or material weaknesses in internal control as they relate to financial reporting." The goal was achieved in FY 2014 as the Corporation received its 50th consecutive unqualified opinion of its financial statements for FY 2013 with no material weaknesses or reportable conditions in November 2013.



Pursuant to Section 306 of the Chief Financial Officers Act of 1990, the 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, 2014 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, 2014, 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 2014 and prior years.

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INDEPENDENT AUDITORS' REPORT

To the Administrator of the
Saint Lawrence Seaway Development Corporation
Massena, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Saint Lawrence Seaway Development Corporation (the "Corporation"), a wholly-owned U.S. Government corporation, as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, "Audit Requirements for Federal Financial Statements,". Those standards and Office of Management and Budget (OMB) Bulletin No. 14-02 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of September 30, 2014 and 2013, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2014, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Chiampou Travis Besaw + Kershner LLP

October 17, 2014

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

To the Administrator of the
Saint Lawrence Seaway Development Corporation
Massena, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, "Audit Requirements for Federal Financial Statements,", the financial statements of Saint Lawrence Seaway Development Corporation (the "Corporation"), which comprise the statements of financial position as of September 30, 2014 and 2013, and the related Statements of Operations and Changes in Cumulative Results of Operations, of Cash Flows, of Budgetary Resources and Actual Expenses, and of Changes in Equity of the U.S. Government for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Chiampou Travis Besaw + Kershner LLP

October 17, 2014

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2014 and 2013

Assets	**2014**	2013
Current Assets		
Cash		
Held by U.S. Treasury	**$ 21,528,964**	$ 21,385,863
Held in banks and on hand	**3,532**	1,348
Short-term time deposits in minority banks (Note 3)	**8,825,000**	9,182,000
Accounts receivable (Note 4)	**73,933**	110,510
Inventories (Note 2)	**284,188**	284,113
Other current assets (Note 4)	**25,760**	28,000
Total current assets	**30,741,377**	30,991,834
Long-Term Investments		
Long-term time deposits in minority banks (Note 3)	**1,188,000**	1,293,000
Plant, Property and Equipment		
Plant in service (Note 5)	**208,390,100**	194,611,473
Less: Accumulated depreciation	**(104,920,885)**	(102,018,708)
Net plant in service	**103,469,215**	92,592,765
Work in progress	**19,731,297**	19,368,451
	123,200,512	111,961,216
Other Assets		
Lock spare parts (Note 2)	**687,135**	690,266
	687,135	690,266
Deferred Charges		
Worker's compensation benefits (Note 2)	**4,741,604**	4,814,377
Total assets	**$ 160,558,628**	$ 149,750,693

See Notes to Financial Statements

(Continued)

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2014 and 2013

Liabilities and Equity of the U.S. Government	2014	2013
Current Liabilities		
Accounts payable	**$ 3,125,777**	$ 3,456,966
Accrued annual leave (Note 2)	**926,853**	886,789
Accrued payroll costs	**362,510**	765,447
Total current liabilities	**4,415,140**	5,109,202
Actuarial Liabilities		
Worker's compensation benefits (Note 2)	**4,741,604**	4,814,377
Total liabilities	**9,156,744**	9,923,579
Equity of the U.S. Government		
Invested capital (Note 2)	**138,358,047**	127,106,161
Cumulative results of operations	**13,043,837**	12,720,953
	151,401,884	139,827,114
Total liabilities and equity of the U.S. Government	**$ 160,558,628**	$ 149,750,693

See Notes to Financial Statements (Concluded)

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF OPERATIONS AND CHANGES
IN CUMULATIVE RESULTS OF OPERATIONS
For the Years Ended September 30, 2014 and 2013

	2014	2013
Operating Revenues		
Appropriations expended	$ 16,556,050	$ 6,408,307
Imputed financing (Note 9)	963,296	914,929
Other (Note 7)	777,603	837,751
Total operating revenues	18,296,949	8,160,987
Operating Expenses (Note 8)		
Locks and marine operations	3,861,050	3,487,778
Maintenance and engineering	4,988,700	3,954,907
General and development	4,489,752	4,616,404
Administrative expenses	3,734,418	3,407,793
Depreciation	3,192,064	2,936,226
Imputed expenses (Note 9)	963,296	914,929
Total operating expenses	21,229,280	19,318,037
Operating loss	(2,932,331)	(11,157,050)
Other Financing Sources		
Interest on deposits in minority banks	63,151	81,937
Transfer from invested capital for depreciation	3,192,064	2,936,226
Total other financing sources	3,255,215	3,018,163
Operating revenues and other financing sources over (under) operating expenses	322,884	(8,138,887)
Beginning cumulative results of operations	12,720,953	20,859,840
Ending cumulative results of operations	$ 13,043,837	$ 12,720,953

See Notes to Financial Statements

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Operating revenues and other financing sources over (under) operating expenses	**$ 322,884**	$ (8,138,887)
Adjustments to reconcile operating revenues and other financing sources over (under) operating expenses to net cash used in operating activities:		
Depreciation	**3,192,064**	2,936,226
Transfer from invested capital for depreciation	**(3,192,064)**	(2,936,226)
Net gain on property disposals	**(26,461)**	(10,996)
Change in assets and liabilities:		
Accounts receivable	**36,577**	61,011
Inventories	**(75)**	(6,929)
Other current assets	**2,240**	(16,560)
Other assets	**2,716**	35,909
Accounts payable	**(331,189)**	497,580
Accrued liabilities	**(362,873)**	(16,311)
Net cash used in operating activities	**(356,181)**	(7,595,183)
Cash flows from investing activities:		
Proceeds from plant, property and equipment disposals	**39,466**	10,996
Acquisition of plant, property and equipment	**(14,443,950)**	(24,163,354)
Net decrease (increase) in time deposits	**462,000**	(227,000)
Net cash used in investing activities	**(13,942,484)**	(24,379,358)
Cash flows from financing activities:		
Appropriations for plant, property and equipment	**14,443,950**	24,163,354
Net increase (decrease) in cash	**145,285**	(7,811,187)
Cash at beginning of year	**21,387,211**	29,198,398
Cash at end of year	**$ 21,532,496**	$ 21,387,211

See Notes to Financial Statements

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENT OF BUDGETARY RESOURCES AND ACTUAL EXPENSES (NOTE 12)
For the Year Ended September 30, 2014

	- - - - - - - - Budget - - - - - - - -		
	Resources	**Obligations**	**Expenses**
Saint Lawrence Seaway Development Corporation Fund	$ 48,572,302	$ 31,660,511	$ 21,229,280
Budget Reconciliation:			
Total expenses			21,229,280
Adjustments			
Add:			
Capital acquisitions			14,443,950
Increase in inventories			75
Deduct:			
Depreciation			(3,192,064)
Imputed expenses			(963,296)
Decrease in other assets			(2,716)
Decrease in net plant in service, property disposals			(13,005)
Less reimbursements:			
Trust funds			(31,000,000)
Revenues from non-federal sources			(840,754)
Accrued expenditures			$ (338,530)

See Notes to Financial Statements

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY OF THE U.S. GOVERNMENT
For the Years Ended September 30, 2014 and 2013

	Invested Capital	Unexpended Appropriations	Cumulative Results of Operations
Balance, September 30, 2012	$ 105,879,033	$ -	$ 20,859,840
Appropriations expended	-	(6,408,307)	6,408,307
Fiscal Year 2013 appropriations	-	30,571,661	-
Other financing sources	-	-	1,834,617
Operating expenses, excluding depreciation and imputed expenses	-	-	(15,466,882)
Depreciation expense	-	-	(2,936,226)
Imputed expenses	-	-	(914,929)
Transfer from invested capital for depreciation	(2,936,226)	-	2,936,226
Capital expenditures	24,163,354	(24,163,354)	-
Balance, September 30, 2013	127,106,161	-	12,720,953
Appropriations expended	-	(16,556,050)	16,556,050
Fiscal Year 2014 appropriations	-	31,000,000	-
Other financing sources	-	-	1,804,050
Operating expenses, excluding depreciation and imputed expenses	-	-	(17,073,920)
Depreciation expense	-	-	(3,192,064)
Imputed expenses	-	-	(963,296)
Transfer from invested capital for depreciation	(3,192,064)	-	3,192,064
Capital expenditures	14,443,950	(14,443,950)	-
Balance, September 30, 2014	$ 138,358,047	$ -	$ 13,043,837

See Notes to Financial Statements

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2014 and 2013

Note 1. The Corporation

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

Note 2. Summary of Significant Accounting Policies

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

Inventories consist primarily of supplies which are consumed in operations and are valued at the lower of cost or market with cost being determined using the weighted-average method.

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 $5,000 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.

Lock spare parts consists of inventory items valued at the lower of cost or market with cost being determined using the weighted-average method.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2014 and 2013

Note 2. Summary of Significant Accounting Policies *(continued)*

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 are recognized and recorded in these financial statements. The liability and deferred charge recorded of $4,741,604 and $4,814,377 at September 30, 2014 and 2013, respectively, reflects the actuarial liability as determined by the Department of Labor.

Seaway Tolls

The Water Resource Development Act of 1986 (Public Law 99-662) required the Corporation to turn over U.S. Seaway tolls charged on commercial vessels to the Harbor Maintenance Trust Fund (the "Fund"). Annual appropriations from the Fund are used to meet operation and maintenance expenses. The Act further required the U.S. Treasury to rebate the tolls to the shippers from the Fund. Public Law 103-331, dated September 30, 1994, eliminated the requirement to collect and rebate these tolls effective October 1, 1994.

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, 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 $31,900,000 for FY 2014, $31,000,000 from the Fund (Public Laws 113-76); and $900,000 from non-federal revenues. FY 2014 funding includes year six of a 10-year Asset Renewal Plan. Actual obligations, in contrast to the accrued costs stated in the Statement of Operations, totaled $31,660,511 for FY 2014. The Corporation's unobligated balance at September 30, 2014 totaled $16.9 million including $3.2 million unused borrowing authority. For FY 2015, the Corporation is currently operating on a Continuing Resolution based on the FY 2014 level of $31,000,000. In addition, authority to obligate $900,000 of non-federal revenues has been apportioned by OMB for FY 2015.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2014 and 2013

Note 2. Summary of Significant Accounting Policies *(continued)*

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, 2014 and 2013 are as follows:

	2014	2013
Other	**$ 49,605**	$ 81,011
Due from concession contracts	**46,813**	53,755
Interest on deposits in minority banks	**3,275**	3,744
Total	**$ 99,693**	$ 138,510

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2014 and 2013

Note 5. Plant in Service

Plant in service as of September 30, 2014 and 2013 is as follows:

		2014		2013	
Plant in Service	**Estimated Life (Years)**	**Cost**	**Accumulated Depreciation**	Cost	Accumulated Depreciation
Locks and guidewalls	40 - 100	**$ 107,844,062**	**$ 49,566,513**	$101,086,107	$ 48,144,932
Channels and canals	95	**36,870,221**	**19,488,859**	36,870,221	19,101,721
Buildings, grounds and utilities	50	**19,683,574**	**8,556,831**	17,734,425	8,190,524
Permanent operating equipment	5 - 40	**20,790,124**	**10,719,811**	15,764,197	10,354,585
Roads and bridges	50	**12,564,980**	**10,042,452**	12,564,980	9,791,153
Land rights & relocations	95	**5,639,064**	**3,004,799**	5,639,064	2,945,589
Navigation aids	10 - 40	**3,154,779**	**2,746,604**	3,154,779	2,715,011
Public use facilities	50	**975,970**	**795,016**	930,374	775,193
Lands in fee	N/A	**867,326**	**-**	867,326	-
Total plant in service		**$ 208,390,100**	**$104,920,885**	$194,611,473	$102,018,708

The U.S. portion of the St. Lawrence Seaway was built in the late 1950s. The Corporation developed, as part of its FY 2009 budget request to Congress, a ten-year Asset Renewal Program (ARP) estimated at $186 million to address the long-term asset renewal needs of the aging U.S. Seaway Infrastructure. The ARP includes various needs for the two U.S. Seaway Locks, the Seaway International Bridge, maintenance dredging, operational systems, and Corporation facilities and equipment. The total amount that has been expended and/or committed (including undelivered orders) in the program through September 30, 2014, excluding personnel compensation, amounted to $93,981,122.

Plant in service includes costs of certain features of the Seaway International Bridge Corporation, Ltd. (SIBC), 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 Bridge. The gross amounts of $3,897,379 in land rights and relocations, and $4,853,320 in roads and bridges have been depreciated accordingly.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2014 and 2013

Note 6. Investment in 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 subsidiary of The Federal Bridge Corporation Ltd., a federal Crown Corporation of Canada. The net annual income from the SIBC, after all operating expenses, is divided equally between both parties. The Corporation's portion, if any, is retained in escrow by SIBC to fund structural repair costs to the South Channel Bridge as provided in the Corporation's enabling act. Any revenue received by the Corporation will be returned to the U.S. Treasury as miscellaneous receipts. No revenue from the SIBC has been received since 1961.

Note 7. Other Revenues

Other revenues for the years ended September 30, 2014 and 2013 consist of the following:

	2014	2013
Concession operations	**$ 534,581**	$ 592,485
Pleasure craft/non-commercial tolls	**87,655**	92,681
Miscellaneous	**74,892**	65,605
Rental of administration building	**45,919**	47,150
Gain on property disposals	**34,556**	10,996
Shippers’ payments for damages to locks, net	-	28,834
Total	**$ 777,603**	$ 837,751

Shippers' 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.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2014 and 2013

Note 8. Operating Expenses by Object Class

Operating expenses by object class for the years ended September 30, 2014 and 2013 are as follows:

	2014	2013
Personnel services and benefits	**$ 13,221,091**	$ 12,465,593
Contractual services	**2,326,277**	1,645,059
Supplies and materials	**981,388**	843,913
Rental, communications and utilities	**198,908**	155,585
Travel and transportation	**182,589**	158,157
Equipment not capitalized	**141,907**	189,789
Printing and reproduction	**13,665**	8,786
Loss on property disposals	**8,095**	-
Subtotal	**17,073,920**	15,466,882
Depreciation expense	**3,192,064**	2,936,226
Imputed expenses	**963,296**	914,929
Total operating expenses	**$ 21,229,280**	$ 19,318,037

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, 2014 and 2013 as follows:

	2014	2013
Federal Employees Retirement System:		
Automatic contributions	**$ 1,070,813**	$ 1,032,463
Matching contributions	**296,565**	280,262
Social Security	**550,453**	527,325
Civil Service Retirement System	**77,472**	84,664
Total	**$ 1,995,303**	$ 1,924,714

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2014 and 2013

Note 9. Retirement Plans *(continued)*

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, 2014 and 2013 were $963,296 and $914,929, respectively.

Note 10. Related Party Transactions

The Corporation receives rental payments for office space at its administration building in Massena, New York. For the years ended September 30, 2014 and 2013, revenue totaled $41,315 and $42,607 for space provided to the U.S. Coast Guard and the Internal Revenue Service. Effective December 31, 2012, the Internal Revenue Service cancelled its lease and vacated the rental space.

The Corporation leases office space in Washington, D.C. under the terms of an Intra-agency Agreement (IAA) with the Federal Aviation Administration. Costs for the years ended September 30, 2014 and 2013 of $340,053 and $324,360, respectively, are included in the reimbursable agreements listed below.

The Corporation has entered into reimbursable agreements with certain federal agencies to provide services and equipment to the Corporation. Reimbursable agreements with federal agencies for FY 2014 and FY 2013 were as follows:

	2014	**2013**
Federal Aviation Administration	**$ 368,849**	$ 334,669
Federal Highway Administration	**36,589**	44,385
Department of Commerce	**8,228**	8,121
General Services Administration	**6,259**	5,920
Office of Personnel Management	**1,069**	666
Office of the Secretary of Transportation	**791**	754
Federal Occupational Health	**261**	245
Volpe National Transportation Systems Center	**-**	20,350
Total	**$ 422,046**	$ 415,110

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2014 and 2013

Note 10. Related Party Transactions *(continued)*

Accounts payable and accrued payroll benefits at September 30, 2014 and 2013 include $1,355,306 and $1,500,198 respectively, of amounts payable to the U.S. Government.

In fiscal years 2014 and 2013, the Corporation accrued costs of $128,621 and $132,773, respectively, to the Canadian St. Lawrence Seaway Management Corporation for administrative services related to tolls and statistics.

Note 11. Contingencies and Commitments

As of September 30, 2014, no material claims are pending against the Corporation. In addition to the current liabilities at September 30, 2014 and 2013, there were undelivered orders and contracts amounting to $13,518,257 and $13,490,661, respectively.

The Corporation leases office space in Washington, D.C. under the terms of an IAA with the Federal Aviation Administration which is subject to annual funding obligations.

The Corporation also provides office space to several agencies under various lease agreements. The lease agreements are cancelable.

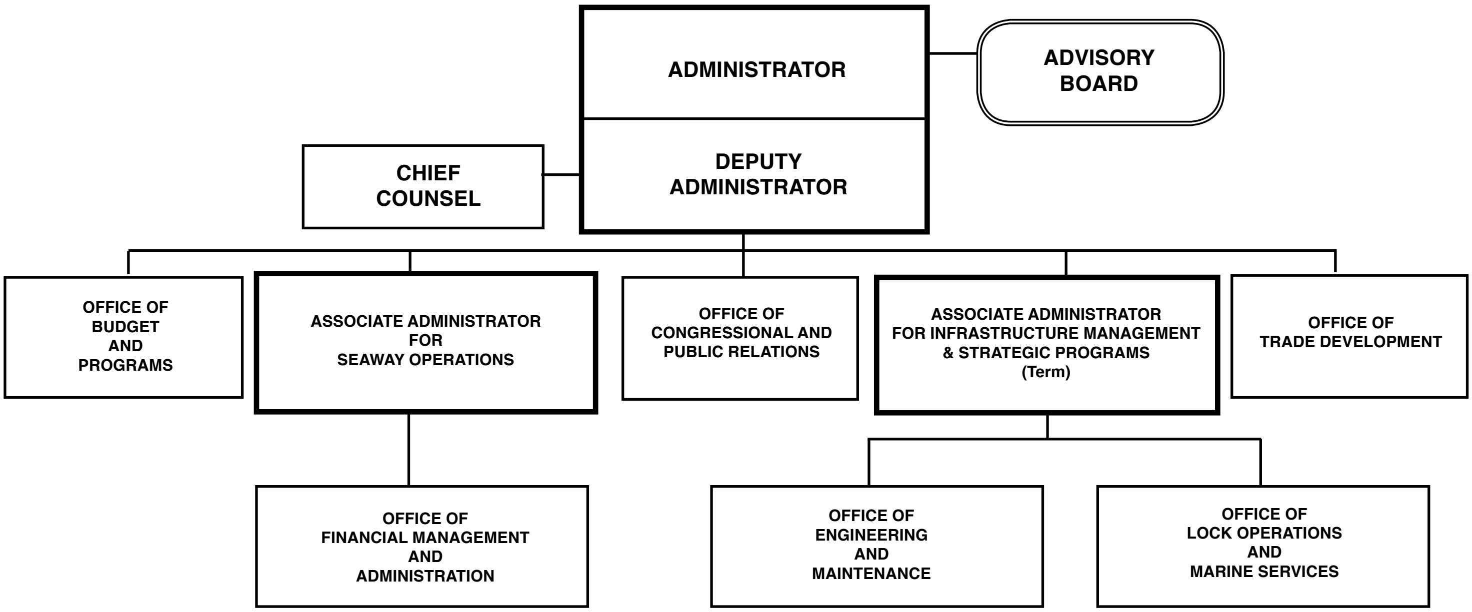
Note 12. Statement of Budgetary Resources and Actual Expenses

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 $48,572,302 consist of the Corporation's unobligated balance of $16,600,858 brought forward October 1, 2013, and reimbursements earned of $31,840,754, and recoveries of prior year's obligations of $130,690.

* * * * *

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION



ADVISORY BOARD

The SLSDC has a statutorily mandated five-member Advisory Board, which reviews the general policies of the SLSDC 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 (confirmation hearing before the Senate Committee on Science, Commerce, and Transportation). Not more than three of the members shall belong to the same political party. Members of the Advisory Board receive per diem and travel expenditures for the times when the Board meets. The Advisory Board must meet at least once every 90 days.

There are currently four active members sitting on the SLSDC's Advisory Board:

David J. McMillan, Chairman
Senior Vice President, Marketing, Regulatory and Public Affairs, ALLETE, Inc. - Duluth, Minn.

William J. Mielke
Chairman of the Board, President, and CEO, Ruekert/Mielke - Waukesha, Wis.

Wenona T. Singel
Assistant Professor of Law, Michigan State University College of Law - East Lansing, Mich.

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

Washington, D.C. Office

Administrator	(202) 366-0091
Deputy Administrator	(202) 366-0105
Senior Advisor to the Administrator	(202) 366-0107
Congressional and Public Relations	(202) 366-6114
Trade Development	(202) 366-5418
Budget and Programs	(202) 366-8982

Massena, N.Y. Office

Associate Administrator for Seaway Operations	(315) 764-3209
Associate Administrator for Infrastructure Management and Strategic Programs	(315) 764-3251
Chief Counsel	(315) 764-3231
Chief Financial Officer	(315) 764-3275
Human Resources	(315) 764-3230
Engineering and Maintenance	(315) 764-3254
Lock Operations and Marine Services	(315) 764-3294
Lock Operations (after hours)	(315) 764-3292

Facsimile Numbers

Washington, D.C. Office	(202) 366-7147
Administration Building (Massena, N.Y.)	(315) 764-3235
Maintenance Building (Massena, N.Y.)	(315) 764-3258
Eisenhower Lock (Massena, N.Y.)	(315) 764-3250

U.S. Department of Transportation
Saint Lawrence Seaway Development Corporation

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