SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
UNITED STATES OF AMERICA

NORTH AMERICA'S
OPPORTUNITY
BELT

"Connecting North America's 'Opportunity Belt' to the World"

Fiscal Year 2015 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 Saint Lawrence Seaway Development Corporation (SLSDC) for the Fiscal Year (FY) ending September 30, 2015. This unqualified financial audit represents the SLSDC's 52nd 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 2015 audited financial statements with associated notes and the reports of Chiampou Travis Besaw & Kershner, LLP.

This report and audit provide a comprehensive look at the many programs and initiatives undertaken by the SLSDC during the past fiscal year. For example, through our ongoing Asset Renewal Program (ARP) during the busy winter maintenance period, we completed a number of major projects to rehabilitate and modernize our infrastructure. The ARP continues to deliver significant 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 ARP also supports the long-term reliability and viability of the entire Great Lakes St. Lawrence Seaway System.

The SLSDC, in conjunction with its partners in the Ballast Water Working Group -- the U.S. Coast Guard, Transport Canada, and the Canadian St. Lawrence Seaway Management Corporation -- continued its efforts to prevent the introduction of aquatic invasive species. There have been no detections of new shipborne invaders since 2006. This is an indication that the current Seaway regulatory regime is working. The Ballast Water Working Group released its latest report in February documenting the progress of its prevention efforts during the 2015 navigation season.

The past year has been an exciting and dynamic time for the SLSDC and the Great Lakes St. Lawrence Seaway System, otherwise known as the 'Opportunity Belt.' Through the SLSDC's new Great Lakes Regional Outreach Initiative, we have increased our trade development activities to encourage greater opportunities for stakeholders throughout the entire region. During the year, I led a successful delegation of Great Lakes stakeholders on a trade mission to Breakbulk Europe in Antwerp, Belgium. The conference, which was attended by more than 5,000 participants, continues to be an important annual opportunity for the Great Lakes Seaway stakeholders to meet and establish foreign business contacts and generate more economic opportunities for their communities.

A new public outreach initiative, the Great Lakes Seaway Partnership, was also launched this fiscal year. The Partnership is a unique collaboration among stakeholders to enhance public understanding of the importance and benefits of commercial shipping on the Great Lakes. This effort reaches out to media representatives, policy makers, community groups, and the general public to educate about the significant impacts of marine transportation.

The many programs and activities highlighted in this report promote a safe, reliable, and environmentally friendly waterway for all of its users. To learn more about the latest SLSDC developments and activities visit us at, www.greatlakes-seaway.com, www.seaway.dot.gov, or our Facebook page at www.facebook.com/usdotslsdc.

Betty Sutton

Betty Sutton,
SLSDC 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 activities 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 and highway routes.

The SLSDC directly interacts with numerous U.S. and Canadian government agencies and private industry to carry out its mission. The Corporation coordinates its activities with its Canadian counterpart, The St. Lawrence Seaway Management Corporation (SLSMC), particularly with respect to rules and regulations, overall day-to-day waterway and lock operations, traffic management, navigation aids, safety, environmental programs, operation dates and trade development programs. The unique binational nature of the Seaway System requires 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 third largest economy with economic output of $5.8 trillion annually.

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

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)

			Change	
For the Fiscal Years Ended September 30	**2015**	**2014**	**$**	**%**
Operating Revenues	**18,751**	**17,334**	**1,417**	**8**
Appropriations expended	18,114	16,556	1,558	9
Other	637	778	(141)	(18)
Operating Expenses	**17,587**	**17,074**	**513**	**3**
Personnel services and benefits	13,418	13,221	197	1
Other	4,169	3,853	316	8
Imputed Financing and Expenses				
Imputed financing	839	963	(124)	(13)
Imputed expenses	839	963	(124)	(13)
Total Assets	**171,452**	**160,559**	**10,893**	**7**
Time Deposits in Minority Banks	**10,207**	**10,013**	**194**	**2**
Short-term	7,452	8,825	(1,373)	(16)
Long-term	2,755	1,188	1,567	132
Interest Income from Minority Banks	**60**	**63**	**(3)**	**(4)**

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

Operating Revenues

Operating revenues, excluding imputed financing, totaled $18.8 million in Fiscal Year (FY) 2015, a $1.4 million increase. Appropriations expended, representing the amount of the HMTF expended for operating purposes, increased $1.6 million and other revenues decreased $141,000.

Operating Expenses

Overall operating expenses of $17.6 million, excluding depreciation and imputed expenses, increased by $513,000. Personnel services and benefits increased $197,000 and other costs increased $316,000. Personnel services and benefits represented 76 percent of the Corporation's operating expenses in FY 2015.

Other costs of $4.2 million included: $2.3 million for other contractual services; $1.2 million for supplies and materials; $245,000 for travel and transportation of persons and things; $178,000 for rent, communications, and utilities; $172,000 for equipment not capitalized; and $16,000 for printing and reproduction.

The Corporation employed 130 people on September 30, 2015, including 5 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 $171 million. Plant, property, and equipment are valued at $134 million.

Time Deposits in Minority Banks and Interest Income

A key asset of the Corporation is time deposits in minority banks, totaling $10.2 million at year-end, an increase of $194,000. Lower interest rates led to a 4 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, 2015 of $14.5 million, comprised of $3.2 million of unused borrowing authority and $11.3 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 $7.1 million. Specific operating expenditures for Agency Operations included $2 million for the upgrade of the Financial Management System; $926,000 for special operating projects; $429,000 for general operating expenses; $264,000 for lock inspection and maintenance; $177,000 for building maintenance; and $147,000 for equipment, vehicle, and vessel 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.

The 65 projects included in the current ARP are estimated to cost $210 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 2015, the SLSDC obligated $14.9 million in other-than-personnel costs, including accrued expenditures and undelivered orders, for Year Seven of its ARP. Other-than-personnel accrued expenditures under the ARP program, not including undelivered orders, totaled $11.9 million and primarily included: expenditures of $3.5 million for structural rehabilitation of the miter gates; $3 million for miter gate machinery upgrades; $1.4 million to upgrade emergency generators; $812,000 to rehabilitate the highway tunnel; $607,000 to replace culvert valves; $551,000 to upgrade the floating plant; $534,000 to install hands-free mooring system technology at Eisenhower Lock; and $534,000 to install lock wall guardrails.

Major FY 2015 projects :

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 Snell Lock. Quality Control Services inspected the work to insure specification conformance.

ARP Project No. 43: Both Locks – Miter Gate Machinery – A contract was awarded to Philadelphia Gear, the original manufacturer of the miter gate operating machinery gearing, to rehabilitate the existing gearing in the drive trains that open and close the miter gates at both locks. In Fiscal Year 2015, the gearing at Eisenhower lock was removed, rebuilt and reinstalled during the 2015 winter shutdown period. The rehabilitation of the gearing at Snell Lock will be completed during the 2016 winter shutdown period.

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

ARP Project No. 15: Eisenhower Lock – Highway Tunnel – Rehabilitate – Nichols, Long and Moore completed work to improve the drainage under the roadway and to construct a new concrete roadway surface in the Eisenhower Highway Tunnel. Work has commenced on contract with Phoenix Group Contracting to upgrade the electrical distribution system and to upgrade the lighting to LED in the tunnel.

ARP Project No. 7: Both Locks – Culvert Valves – Replace With Single Skin Valves – Custom Fabrication and Coatings fabricated two single skin valves with struts and St. Louis Testing Laboratories inspected the work to insure specification conformance. Under their contract, Custom Fabrication and Coatings will be fabricating four more single skin valves with struts and the order with St. Louis Testing Laboratories has been modified for inspection of the last four valves.

ARP Project No. 12: Corporation Equipment – Floating Plant/Tugs – Replace – Robert Allen Ltd. completed work to design a tug 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. The contract with Robert Allen Ltd. was modified to have the final design reviewed and approved by the American Bureau of Shipping and that work was completed. In Fiscal Year 2015, the contract was further modified for Robert Allan Ltd. to provide support services during the solicitation and award phases of the tug construction contract.

ARP Project No. 23: Both Locks – Install Hands-Free Mooring System Technology – A contract for the rails for the hands-free mooring system to be installed at Eisenhower Lock was awarded to Cavotec and the rails were delivered. In Fiscal Year 2015, a second contract was awarded to Cavotec for the rails for Eisenhower Lock and the hands-free mooring units for both locks as well as a contract to Kubricky Construction to cut the slots and install the rails at Eisenhower Lock during the 2016 winter shutdown period.

ARP Project No. 65: Both Locks – Lock Wall Guardrails – A contract was awarded to Rand and Jones to fabricate heavy duty fall protection guardrails for both locks, to core drill holes in the lock work walls and to install sleeves for installation of the new guardrails. The new guardrails were then installed by SLSDC maintenance personnel.

$14.9 Million Spent in FY 2015 on SLSDC ARP Infrastructure Projects

During FY 2015, the SLSDC continued to rehabilitate and modernize the U.S. Seaway infrastructure through its 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 2015, the SLSDC awarded contracts for 29 ARP projects totaling $14.9 million. Major ARP activities funded in FY 2015 included: hands-free mooring system technology at Eisenhower Lock ($10.8 million); miter gate machinery upgrades ($1.6 million); lock crossover and recess improvements ($716,000); and lock wall safety guardrail installation at both U.S. locks ($549,000). Through the first seven years of ARP funding (FYs 2009-2015), the SLSDC has obligated $109 million on 50 separate projects.

The start of the ARP in 2009 represented the first time in the SLSDC's 50-year history that a comprehensive effort had been undertaken to modernize the Seaway infrastructure, including rehabilitation of and improvements to the U.S.-operated locks, the navigation channels, the Seaway International Bridge, and other Corporation facilities and assets located in Upstate New York. None of the ARP projects increase the authorized depth or width of the navigation channel or the size of the lock facilities.

The SLSDC's ARP is not only modernizing the existing infrastructure with 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 half of the ARP funds obligated during the program's first seven years, totaling nearly $60 million, were awarded within the northern New York 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 Completes Lock Modernization Projects during Winter Non-Navigation Period

Following the completion of the 2014 navigation season, the SLSDC began its winter work program to complete several ARP and general maintenance projects at the two U.S. Seaway locks. SLSDC staff and contractor crews worked through harsh winter weather conditions to complete the following project activities safely and on-schedule:

<u>Upgrading Vertical Lift Gate controls at Eisenhower Lock</u> – The lock operator controls for the existing Vertical Lift Gate (VLG) at Eisenhower Lock were integrated with the main automated programmable lock control system. SLSDC staff relocated and replaced the electrical hardware and software needed to deploy the new interactive computer screens for the lock operator workstation located at the upstream (westbound) control tower. The upgraded system now consolidates real-time control and status information for the VLG with the main lock control system operated by the SLSDC's lock operators and maintenance staff.

<u>Modifying lock culvert valves at Snell Lock</u> – As part of its culvert valve replacement program, the SLSDC modified and repainted two previously fabricated valves and installed them at the upstream section of Snell Lock. The SLSDC is replacing all of the original filling/emptying culvert valves at both locks with new redesigned valves. There are four valves at each lock; the remaining six new valves are currently being fabricated and planned for installation during FY 2016.

<u>Repairing concrete at both locks</u> – Deteriorated concrete was removed and replaced by the SLSDC's staff at the downstream (eastbound) south culvert valve recess of Snell Lock and at the downstream miter gate pintle bases of Eisenhower Lock. This work required customized work platforms and weather protection measures to ensure the quality of the concrete repair installations.

Rehabilitating the downstream miter gate gear drives at Eisenhower Lock in Massena, N.Y.

Upgrading lock control cabinets at both locks – After many years of ad hoc installations of lock monitoring and control network hardware, the SLSDC's staff completed a planned equipment consolidation of by relocating and replacing existing network hardware and building centralized network panels at both locks. Whenever possible, the existing hardware was repurposed for the project to minimize electronic waste and control costs. The new panel installations allow for future network expansions and are currently accommodating the addition of network monitoring systems for the recently upgraded emergency generator sets at both locks.

Cleaning and painting miter gates at Snell Lock – The upstream and downstream miter gates at Snell Lock were blast cleaned and painted with a new vinyl paint system by a contractor. The project required the contractor to work around-the-clock to remove the gate hardware and fenders, blast clean the steel gate structures, apply the new vinyl paint system and finally reinstall the hardware and fenders. The contractor also erected several stories of scaffolding on the upstream and downstream sides of both miter gates to support tarp enclosures that were needed to continuously control the working temperature and humidity conditions. Similar miter gate painting work was completed at Eisenhower Lock during the 2014 winter work period.

Rehabilitating miter gate gear drives at Eisenhower Lock – The original miter gate operating equipment was rehabilitated by a contractor at Eisenhower Lock. There are four miter gate operating equipment recesses at each lock. The contractor was required to remove the miter gate bull gears and gear drives, refurbish or replace any deteriorated equipment parts as needed, and reinstall the rehabilitated gears and drives at Eisenhower Lock before the final completion and testing. New automated lubricating systems were also installed at each miter gate operating equipment recess to enhance the SLSDC's preventative maintenance procedures. The remaining equipment at Snell Lock is planned for rehabilitation during the 2016 winter work period.

Blast cleaning and painting miter gates at Snell Lock in Massena, N.Y.

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, while maintaining strict environmental standards.

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 2014 navigation season, with 227 inspections conducted by SLSDC personnel. As of September 30, 184 vessel inspections had been completed in 2015.

SLSDC Continues Role on Great Lakes Regional Waterways Management Forum

In FY 2015, 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, Regional Emergency Teams Safely and Efficiently Respond to Cruise Ship Incident at U.S. Eisenhower Lock

On June 18, 2015, the 284-foot cruise vessel *Saint Laurent*, with 274 passengers and crew on board, struck a concrete bumper inside the U.S. Eisenhower Lock in Massena, N.Y. SLSDC staff on site immediately activated the agency's Emergency Response Plan and notified numerous local emergency services necessary to respond to the incident including the U.S. Coast Guard, U.S. Customs and Border Protection, the New York State Police, the Hogansburg Akwesasne Volunteer Fire Department, the St. Regis Mohawk community, local emergency responders, medical personnel at the Massena Memorial Hospital, and many others.

The quick activation of the response plan by SLSDC staff secured the passengers' safety first and subsequently allowed SLSDC and U.S. Coast Guard responders to stabilize the vessel in the lock. First responders evacuated the 27 passengers and three crewmembers requiring medical attention using cranes and aerial ladders. All passengers and crew on board were safely evacuated from the vessel over the next several hours. Once all passengers were safely removed from the ship, the SLSDC focused on moving the vessel safely away from Eisenhower Lock and resuming navigation as quickly as possible. The vessel was safely removed and returned to Montreal for repairs and the St. Lawrence Seaway and Eisenhower Lock were re-opened to commercial navigation within 42 hours from the time of the incident.

The SLSDC participated in a regional boom deployment exercise on the St. Lawrence River, hosted by the St. Regis Mohawk Tribe's Environmental Division.

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 vessel incident 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 include the participation of federal, state, and local response agencies and environmental groups. Since 1992, the SLSDC has participated in or hosted 35 emergency exercises.

In August 2015, the SLSDC participated in a regional planning and boom deployment exercise on the St. Lawrence River, hosted by the St. Regis Mohawk Tribe's Environmental Division (SRMT). This was the first joint exercise hosted by SRMT. The exercise also included participation by the U.S. and Canadian Coast Guards and other local response agencies. On August 11, a tabletop exercise was held to simulate a tanker accident with impact to marine commerce and Seaway International Bridge operations. The tabletop exercise was followed by oil boom deployment training on August 13, which provided local responders with practical training in boom deployment, handling, watercraft maneuvering, and testing of local response capabilities in advance of a potential spill in Tribal waters. SLSDC boom deployment boats were utilized to assist and enhance training efforts.

SLSDC Installs New Safety Railings for Workers at U.S. Seaway Locks

In FY 2015, the SLSDC completed its own design and installation of a safety railing system for lock employees at both U.S. Seaway locks. The new railings, which meet OSHA recommended standards, enhance lock crew safety and remove the requirement for workers to be tied-off with fall protection gear. As part of this new procedure, the SLSDC also constructed new boarding ramps for pilots and inspection personnel to ensure safe embarking and disembarking. The SLSDC is the first agency in Northern America to install such safety railings along the lock wall.

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

In February 2015, a new report showed the continued effectiveness of the current Great Lakes Seaway ballast water management regime during the 2014 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 *2014 Summary of Great Lakes Seaway Ballast Water Working Group* examined the U.S.-Canada Great Lakes Seaway System ballast water ship inspection program. In 2014, 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.). The 2014 results marked the second consecutive year of 99 percent compliance. During 2014, 100 percent of the ships bound for the Great Lakes from outside the Exclusive Economic Zone (EEZ) received a ballast tank exam for the sixth consecutive year. 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 establishment of any ship-borne 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. The BWWG directly supports the SLSDC's "Environmental Gatekeeper" role.

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 High Level of Environmental Performance

In FY 2015, the SLSDC continued to financially 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, and improving regulatory outcomes.

All Green Marine 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 the 2014 rating period, the SLSDC and Canadian SLSMC had their results published as a single entry by Green Marine to reflect the binational nature of the Seaway and the collaborative work by both entities in pursuing environmental excellence. The SLSDC/SLSMC scored a 4.1 for three of the four categories (Greenhouse Gases, Spill Prevention, and Community Impact), and earned a perfect score of 5.0 for Environmental Leadership.

SLSDC Launches Great Lakes Regional Outreach Initiative

In February 2015, the SLSDC launched its Great Lakes regional outreach initiative that focuses on trade and economic development activities and provides "on-the-ground" assistance to the Great Lakes St. Lawrence Seaway System stakeholder community. The Corporation engages in activities designed to increase public and commercial awareness of the Great Lakes Seaway System and encourage economic development throughout the Great Lakes region.

Adam Schlicht was named the SLSDC's Great Lakes regional representative. He is stationed in Cleveland, Ohio, and is responsible for advancing the Corporation's trade and economic development goals and programs throughout the region, which are highlighted by the SLSDC's "Opportunity Belt" marketing campaign.

Initiative activities include: working with and supporting Great Lakes/Seaway ports, terminals, shippers, carriers, and labor to increase maritime trade; representing the SLSDC at Great Lakes/Seaway port, trade, and transportation regional events; meeting with federal, state, and local elected officials to offer assistance and respond to inquiries; coordinating with other regional federal entities, Great Lakes state DOTs, and regional economic development agencies to ensure Great Lakes Seaway System maritime transportation is understood and prioritized in regional planning; and promoting federal maritime transportation and funding assistance programs. This initiative will also be responsible for leading future SLSDC regional activities and programs that directly assist Great Lakes ports, businesses, and other stakeholders.

"Connecting North America's 'Opportunity Belt' to the World"

SLSDC Co-Hosts Seaway Trade Mission to Antwerp

In May 2015, the SLSDC and Canadian SLSMC co-sponsored the 34th Seaway Trade Mission to promote awareness of the Great Lakes Seaway System as a safe and reliable transportation route for commercial trade to and from North America. The 2015 mission visited Antwerp, Belgium, in conjunction with the annual Breakbulk Europe Conference and Exhibition, the largest and most important international gathering of companies involved in maritime transportation on the Great Lakes Seaway System. Breakbulk cargoes represent the highest-value goods moving through the Seaway System and has been the fastest growing cargo sector over the past five years.

The Seaway Trade Mission program has been and remains an integral opportunity for fostering new business, meeting with potential clients, and expanding foreign understanding of maritime commerce on the Great Lakes Seaway System. While in Belgium, the delegation met with current and potential customers, organized industry presentations, and toured local port and terminal operations.

The Breakbulk Europe Conference and Exhibition has proven to be one of the most effective ways to meet and establish meaningful business connections to individuals and companies interested in shipping through the Seaway. More than 6,800 participants and 300 exhibitors and sponsors from the breakbulk trade and transportation communities attended the event. Seaway Trade Mission delegates had the opportunity to meet and develop relationships with leading specialized carriers, forwarders, ports, and terminals with the expertise and resources to handle oversized cargoes with unique handling requirements. The SLSDC and SLSMC also staffed an information booth that promoted the international waterway.

Meetings during the two most recent trade missions to Belgium resulted in the development of the monthly container liner service that began between the Great Lakes and Northern Europe in 2014, and continued in 2015 with more frequent service to a larger number of U.S. Great Lakes ports.

SLSDC Hosts French Delegation Promoting the Canal Seine-Nord Europe Project

In May 2015, the SLSDC welcomed a delegation of French transportation officials to Washington, D.C., to discuss the Canal Seine-Nord Europe (CSNE) – Europe's largest planned maritime infrastructure project. Serving a major trading region for goods currently moving through the St. Lawrence Seaway, the new CSNE will further expand the trading potential for the Great Lakes Seaway System for the movement of grain, chemicals and energy products, aggregates, iron and steel, and project cargoes.

The six-person French delegation hosted by the SLSDC in May included executives from Voies Navigable de France (VNF), Setec Group, and the Port of Dunkerque. The SLSDC supported the delegation in setting up inter-governmental meetings in Washington and providing waterway and lock operations assistance and expertise.

On May 20, the SLSDC hosted a plenary meeting at the U.S. Department of Transportation with more than 20 federal officials from across the Executive Branch, including subject matter experts on infrastructure operations and financing, trade flows, and barge/vessel operations. In addition, the SLSDC set up meetings with U.S. Army Corps of Engineers officials in Washington to discuss lock and waterway operations and construction.

The SLSDC's involvement in the CSNE project began in June 2014 with SLSDC Administrator Betty Sutton's visit to France to speak at the 2014 Global Estuaries Forum where she met with VNF executives who requested the SLSDC's assistance in learning more about waterway operations, vessel options, and trade research. Following Administrator Sutton's visit, the SLSDC began a regular dialogue with VNF/CSNE officials to support their research efforts.

SLSDC Co-Sponsors Annual Highway H2O Conference

The SLSDC co-sponsored and participated in the 10th Annual Highway H2O Conference in Toronto, Ont., November 19-20, 2014. Conference speakers shared insights on economic activities and cargo trends, infrastructure developments that capture business opportunities, and innovation throughout the global maritime industry.

The conference theme was "Building from a Strong Foundation" which served to both honor past efforts and provide inspiration for future endeavors. Commemorative plaques were presented to Highway H2O Port Partners and Members to celebrate the 10th anniversary of the Highway H2O initiative. The event attracted the largest number of attendees to date (150) representing a wide range of professionals from all transportation modes.

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

In FY 2015, the SLSDC announced that eight U.S. Great Lakes Seaway System ports were winners of its Robert J. Lewis Pacesetter Award for registering increases in international cargo tonnage shipped through their ports during the 2014 navigation season compared to 2013.

Toledo-Lucas County Port Authority (Ohio)

Cleveland-Cuyahoga County Port Authority (Ohio)

Erie-Western Pennsylvania Port Authority

Port of Oswego Authority (N.Y.)

The eight ports that won the Pacesetter Award for 2014 were the Cleveland-Cuyahoga County Port Authority (Ohio), Port of Duluth-Superior (Minn.), Erie-Western Pennsylvania Port Authority, Illinois International Port District of Chicago, Port of Indiana-Burns Harbor, Port of Milwaukee (Wis.), Port of Oswego Authority (N.Y.), and Toledo-Lucas County Port Authority (Ohio). Commodities accounting for almost all of the increases in international cargoes handled by the eight Pacesetter winners included asphalt, fuel products, aluminum, steel, and grain. High value project cargo such as locomotive cars, electrical transformers, and fermentation tanks were also handled by the winners during the 2014 navigation season.

Port of Milwaukee (Wis.)

Port of Duluth-Superior ((Minn.)

Port of Indiana-Burns Harbor

NORTH AMERICA'S OPPORTUNITY BELT

SLSDC Participates at Annual Cruise Shipping Miami Conference

The Great Lakes delegation for the 2015 Cruise Ship Miami conference.

In coordination with the Great Lakes Cruising Coalition, the SLSDC participated in the annual Cruise Shipping Miami Conference, March 17-20, 2015, 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. The 2015 event represented the 15th consecutive year that a Great Lakes Seaway System 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.

SLSDC and SLSMC Host Annual Stakeholder Appreciation Event

In conjunction with the annual industry events surrounding Montreal Marine Day, the SLSDC and SLSMC sponsored its annual trade promotion and stakeholders appreciation event in Montreal, Que., December 4, 2014. This event allows the Seaway Corporations to promote 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 gathering was attended by more than 245 stakeholders as well as current and potential customers from several European countries.

Hosts Administrator Betty Sutton, SLSDC, and Terence Bowles, President and CEO, SLSMC enjoyed meeting with all the Great Lakes Seaway System stakeholders at the annual event in Montreal.

SLSDC Works with CBP to Develop "Closed Loop" Pilot Program for Cruise Vessels in Great Lakes

The SLSDC has spent the past several years working with U.S. Customs and Border Protection (CBP) officials in Washington, D.C. and throughout the Great Lakes region to improve the efficiency of the CBP passenger and crew inspection process for cruise vessels moving through the Great Lakes Seaway System. Due to the geographical makeup of the Great Lakes, coupled with cruise ship itineraries with multiple U.S. and Canadian destinations, cruise ship passengers and crew can be inspected numerous times during a single voyage.

In November 2014, CBP announced that it was implementing a one-year pilot program for cruise ships in the Great Lakes Seaway System, effective March 1, 2015. The "Closed Loop" pilot program covers cruise ships in the Great Lakes, St. Lawrence River, and connecting waterways visiting one or more U.S. and Canadian ports and returning to a final U.S. or Canadian port to conclude the voyage.

The Pearl Mist sailing the Great Lakes Seaway System.

Upon arrival at the first U.S. Port of Entry from a foreign location, CBP will conduct a full inspection of the cruise vessel's passengers and crew, while subsequent U.S. stops on the trip will allow for expedited processing and waiver of biometric data collection. Under the pilot program, CBP inspectors will also implement mobile technology to conduct onboard inspections to provide flexibility and improve efficiency without compromising security.

Morning view from Eisenhower Lock in Massena, N.Y.

SLSDC Maintains ISO 9001:2008 Certification

In June 2015, 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.

Equal Employment Opportunity

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

SLSDC is striving to meet this goal through numerous initiatives enacted during fiscal year 2015. A dedicated EEO office was established and an EEO Director was brought onboard in December 2014 to lead this initiative. Accomplishments thus far consist of SLSDC Visitor Center Fact Sheet and Narration Language Translations, Distribution of EEO pocket guides to all SLSDC employees, Increased outreach to Minority Serving Institutions (MSIs) around the Great Lakes region, website review and video captioning to meet Section 508 compliance requirements, and implementation of annual EEO Assessment of programs and policies.

SLSDC Joins New Binational Public Affairs Program

In June 2015, the SLSDC in partnership with the American Great Lakes Ports Association, Lake Carriers' Association, and Fednav Limited jointly sponsored a new binational public affairs program called The Great Lakes Seaway Partnership.

The Partnership brings together U.S. and Canadian maritime organizations working to enhance public understanding of the benefits of commercial shipping in the Great Lakes region of North America. The organization manages an education-focused communications program, sponsors research, and works closely with media, policy makers, community groups, allied industries, environmental stakeholders, and the general public to highlight the attributes of marine transportation.

At the time of the announcement, the Partnership also unveiled its new website, which includes sections dedicated to the program's three key messages – Economy, Environment, and Safety – as well as facts about the eight Great Lakes states and two Canadian provinces. The Great Lakes Seaway Partnership website can be found at www.greatlakesseaway.org.

THE GREAT LAKES SEAWAY PARTNERSHIP

www.greatlakesseaway.org

SLSDC Co-Sponsors Binational Great Lakes Seaway System Investment Survey

In January 2015, the results of a year-long infrastructure investment survey were released by several U.S. and Canadian Great Lakes Seaway System stakeholder co-sponsors, including the SLSDC. The purpose of the survey was to document the level of public and private sector investments being made throughout the navigation system. More than 600 U.S. and Canadian entities, including vessel operators, ports, terminals, and government agencies were contacted. The survey quantifies investments made over the previous five-year period (2009-2013) as well as amounts already committed for future years. The survey was conducted by Martin Associates of Lancaster, Pa.

The survey found that $7 billion has either been spent or is committed to be spent on asset renewal and infrastructure improvements by both U.S. and Canadian public and private sectors. Investments made during 2009-2013 totaled $4.7 billion, while an additional $2.2 billion has been committed for infrastructure investments over the next five years. Most notably, American, Canadian, and international ship owners are spending more than $4 billion on the biggest renewal of the Great Lakes fleets in 30 years.

SLSDC Employees and Teams Receive USDOT Secretarial Awards

On November 6, 2014, U.S. Transportation Secretary Anthony Foxx honored SLSDC employees and teams at the Department's 47th 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.

Anita Blackman

Anita Blackman, SLSDC Senior Advisor to the Administrator in Washington, received the Meritorious Achievement Award, the third highest award within the Department given by the Secretary in recognition of exceptionally meritorious service to the Department and the SLSDC. The Secretary recognized Ms. Blackman for the crucial and foundational role she played in every aspect of the SLSDC's mission as well as her contributions to the Department in several key strategic areas including workforce planning, labor-management relations, safety, financial management and equal employment opportunity.

Chris Guimond (left) and Mike Howard (right).

Chris Guimond, SLSDC Chief for Lock Operations in Massena, accepted a group award for the SLSDC's 2013 Navigation Season Closing Team. The team was recognized for its outstanding collaboration, communication, and leadership during the extremely challenging circumstances faced at the closing of the 2013 Seaway navigation season. The team members were Lori Curran, Carol Fenton, Chris Guimond, Carrie Lavigne, Thomas Lavigne, and Craig Middlebrook.

Mike Howard, SLSDC Chief for Marine Services in Massena, accepted the Transportation Safety Award given to the SLSDC's Vessel Fire Response Team of Randy Gilmer and Nate Jarvis. These two marine crewmembers dealt immediately with a life-threatening situation in December, 2014, onboard the SLSDC's tugboat *Robinson Bay* as a fire developed in the vessel's engine room.

SLSDC Modernizes Its Financial Management System

In FY 2015, the SLSDC completed the modernization of its financial management system from its in-house accounting system that had been used since the 1980s to the U.S. Department of Interior's (DOI) Interior Business Center web-based solution. The SLSDC went "live" on the new Oracle-based accounting system on July 13, 2015. The SLSDC plans to add travel and inventory modules to its new accounting system in the future.

SLSDC Serves on GLMRI Advisory Board

During FY 2015, 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 2015, the SLSDC and SLSMC continued work on their joint strategic and business development initiatives to ensure that the two Seaway governing entities continue to improve customer service and reduce costs. SLSDC and SLSMC officials met twice in FY 2015 – December 1-2, 2014 in Montreal, Que., and September 17, 2015 via video teleconference.

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 binational 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; and a review of joint outreach activities.

SLSDC Hosts Active Shooter Exercise at Eisenhower Lock

On May 19, 2015, the SLSDC hosted its second Active Shooter Exercise at its Eisenhower Lock facility in Massena, N.Y. The exercise included numerous regional stakeholders from local, county, tribal, state, and federal law enforcement agencies, including primary coordination with the New York State Police's elite Special Operations Response Team. A representative from USDOT's Office of Security also participated as an exercise observer. The exercise was successful in testing the SLSDC's existing Active Shooter Plan, engaging with local first responders committed to preparedness planning for Seaway operations and testing SLSDC employee awareness and response during emergency incidents. SLSDC employees are trained annually on emergency response protocols and practiced the "Run! Hide! Fight!" active shooter response philosophy as recommended by the U.S. Department of Homeland Security.

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 2014 season, with 227 vessel inspections conducted by SLSDC personnel. In 2015, 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 2014 season with a reliability rate of 98.2 percent. System reliability during the 2015 navigation season, through September 30, was 96.2 percent. This reduction in system reliability was due to several vessel incidents during the navigation season. Final FY 2015 system reliability was 97.3 percent.

Lock Availability — "Minimize vessel delays due to lock equipment failure or malfunction." The goal each year is 99 percent lock availability. During the 2014 navigation season, the goal was met when the SLSDC achieved a 99.7 percent lock availability rate. Lock availability in 2015, through September 30, was 99.8 percent. Final FY 2015 lock-related delays totaled 18 hours, 49 minutes, which produced a 99.7 percent availability rate.

Management Accountability

Administrative Expenses — "Reduce the administrative overhead expense ratio of total operating expenses, excluding ARP projects, depreciation, and imputed expenses, to 23 percent or lower." At the start of FY 2015, the SLSDC modified this goal's target from 25 percent to 23 percent. The administrative expense ratio goal was met in FY 2015 at 21 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 2015 with a year-end balance of $11.3 million.

Financial Audit Opinion — "Achieve an unmodified 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 2015 as the Corporation received its 51st consecutive unmodified opinion of its financial statements for FY 2014 with no material weaknesses or reportable conditions in November 2014.

18 CORPORATION'S STATEMENT ON INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROL SYSTEM

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, 2015 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;

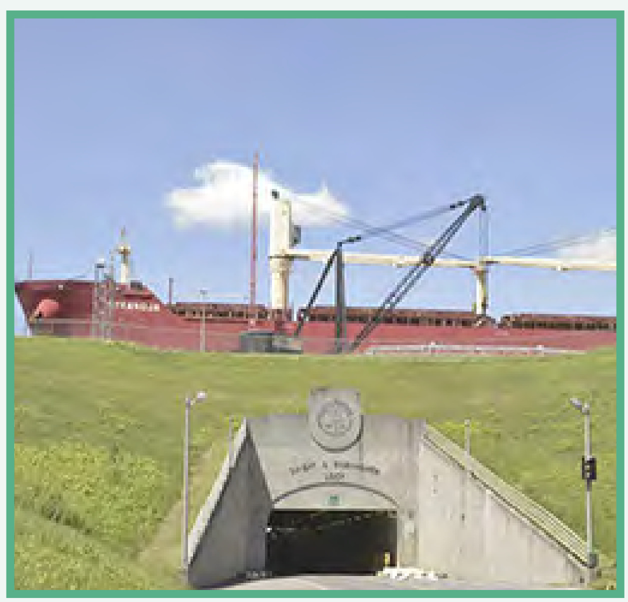
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and

- 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, 2015, 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 2015 and prior years.



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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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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. 15-02, "Audit Requirements for Federal Financial Statements". Those standards and Office of Management and Budget Bulletin No. 15-02 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, 2015 and 2014, 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 23 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 16, 2015, 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 16, 2015

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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. 15-02, "Audit Requirements for Federal Financial Statements,", the financial statements of Saint Lawrence Seaway Development Corporation (the "Corporation"), which comprise the statement of financial position as of September 30, 2015 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 year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2015 we also 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

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.

ChiampouTravis Besaw + Kershner LLP

October 16, 2015

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2015 and 2014

Assets	**2015**	2014
Current Assets		
Cash		
Held by U.S. Treasury	**$ 22,489,738**	$ 21,528,964
Held in banks and on hand	**-**	3,532
Short-term time deposits in minority banks (Note 3)	**7,452,000**	8,825,000
Accounts receivable (Note 4)	**62,609**	73,933
Inventories (Note 2)	**299,478**	284,188
Other current assets (Note 4)	**17,920**	25,760
Total current assets	**30,321,745**	30,741,377
Long-Term Investments		
Long-term time deposits in minority banks (Note 3)	**2,755,000**	1,188,000
Plant, Property and Equipment		
Plant in service (Note 5)	**220,615,490**	208,390,100
Less: Accumulated depreciation	**(108,011,857)**	(104,920,885)
Net plant in service	**112,603,633**	103,469,215
Information Software, net	**1,648,861**	-
Work in progress	**19,387,733**	19,731,297
	133,640,227	123,200,512
Other Assets		
Lock spare parts (Note 2)	**657,520**	687,135
Deferred Charges		
Worker's compensation benefits (Note 2)	**4,077,614**	4,741,604
Total assets	**$ 171,452,106**	**$ 160,558,628**

See Notes to Financial Statements (Continued)

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2015 and 2014

Liabilities and Equity of the U.S. Government	**2015**	2014
Current Liabilities		
Accounts payable	**$ 3,017,232**	$ 3,125,777
Accrued annual leave (Note 2)	**899,826**	926,853
Accrued payroll costs	**391,065**	362,510
Total current liabilities	**4,308,123**	4,415,140
Actuarial Liabilities		
Worker's compensation benefits (Note 2)	**4,077,614**	4,741,604
Total liabilities	**8,385,737**	9,156,744
Equity of the U.S. Government		
Invested capital (Note 2)	**148,798,397**	138,358,047
Cumulative results of operations	**14,267,972**	13,043,837
	163,066,369	151,401,884
Total liabilities and equity of the U.S. Government	**$ 171,452,106**	$ 160,558,628

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, 2015 and 2014

	2015	2014
Operating Revenues		
Appropriations expended	**$ 18,114,062**	$ 16,556,050
Imputed financing (Note 9)	**838,570**	963,296
Other (Note 7)	**637,051**	777,603
Total operating revenues	**19,589,683**	18,296,949
Operating Expenses (Note 8)		
Locks and marine operations	**4,526,804**	4,233,050
Maintenance and engineering	**5,099,809**	4,988,700
General and development	**4,263,989**	4,117,752
Administrative expenses	**3,696,827**	3,734,418
Depreciation	**3,487,588**	3,192,064
Imputed expenses (Note 9)	**838,570**	963,296
Total operating expenses	**21,913,587**	21,229,280
Operating loss	**(2,323,904)**	(2,932,331)
Other Financing Sources		
Interest on deposits in minority banks	**60,451**	63,151
Transfer from invested capital for depreciation	**3,487,588**	3,192,064
Total other financing sources	**3,548,039**	3,255,215
Operating revenues and other financing sources over operating expenses	**1,224,135**	322,884
Beginning cumulative results of operations	**13,043,837**	12,720,953
Ending cumulative results of operations	**$ 14,267,972**	$ 13,043,837

See Notes to Financial Statements

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Operating revenues and other financing sources over operating expenses	**$ 1,224,135**	$ 322,884
Adjustments to reconcile operating revenues and other financing sources over operating expenses to net cash provided by (used in) operating activities:		
Depreciation	**3,487,588**	3,192,064
Transfer from invested capital for depreciation	**(3,487,588)**	(3,192,064)
Net gain on property disposals	**(16,146)**	(26,461)
Change in assets and liabilities:		
Accounts receivable	**11,324**	36,577
Inventories	**(15,290)**	(75)
Other current assets	**7,840**	2,240
Other assets	**29,201**	2,716
Accounts payable	**(108,545)**	(331,189)
Accrued liabilities	**1,528**	(362,873)
Net cash provided by (used in) operating activities	**1,134,047**	(356,181)
Cash flows from investing activities:		
Proceeds from plant, property and equipment disposals	**17,195**	39,466
Acquisition of plant, property and equipment	**(13,927,938)**	(14,443,950)
Net (increase) decrease in time deposits	**(194,000)**	462,000
Net cash used in investing activities	**(14,104,743)**	(13,942,484)
Cash flows from financing activities:		
Appropriations for plant, property and equipment	**13,927,938**	14,443,950
Net increase in cash	**957,242**	145,285
Cash at beginning of year	**21,532,496**	21,387,211
Cash at end of year	**$ 22,489,738**	$ 21,532,496

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, 2015

	- - - - - - - - Budget	- - - - - - - -	
	Resources	**Obligations**	**Expenses**
Saint Lawrence Seaway Development Corporation Fund	$ 49,780,628	$ 35,314,629	$ 21,913,587
Budget Reconciliation:			
Total expenses			21,913,587
Adjustments			
Add:			
Capital acquisitions			13,927,938
Increase in inventories			15,290
Deduct:			
Depreciation			(3,487,588)
Imputed expenses			(838,570)
Decrease in other assets			(29,201)
Decrease in net plant in service, property disposals			(1,050)
Less reimbursements:			
Trust funds			(32,042,000)
Revenues from non-federal sources			(697,502)
Accrued expenditures			$ (1,239,096)

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, 2015 and 2014

	Invested Capital	Unexpended Appropriations	Cumulative Results of Operations
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
Appropriations expended	-	(18,114,062)	18,114,062
Fiscal Year 2015 appropriations	-	32,042,000	-
Other financing sources	-	-	1,536,072
Operating expenses, excluding depreciation and imputed expenses	-	-	(17,587,429)
Depreciation expense	-	-	(3,487,588)
Imputed expenses	-	-	(838,570)
Transfer from invested capital for depreciation	(3,487,588)	-	3,487,588
Capital expenditures	13,927,938	(13,927,938)	-
Balance, September 30, 2015	$ 148,798,397	$ -	$ 14,267,972

See Notes to Financial Statements

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2015 and 2014

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, 2015 and 2014

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 $4,077,614 and $4,741,604 at September 30, 2015 and 2014, respectively, reflects the actuarial liability as determined by the Department of Labor.

Invested Capital

The Corporation was initially funded by revenue bonds issued by the U.S. Treasury. On December 18, 1982, Congress cancelled the outstanding revenue bonds of $109,976,000 (P.L. 97-369, 96 Stat. 1782). With cancellation of the debt, the amount was converted to invested capital. Since FY 1987, when the Corporation began receiving annual appropriations from the Harbor Maintenance Trust Fund, 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 $36,142,000 for FY 2015, $32,042,000 from the Fund (Public Laws 113-235); $3,200,000 from the Corporation's unobligated balance and $900,000 from non federal revenues. FY 2015 funding includes year seven of a 10-year Asset Renewal Plan. Actual obligations, in contrast to the accrued costs stated in the Statement of Operations, totaled $35,314,629 for FY 2015. The Corporation's unobligated balance at September 30, 2015 totaled $14.5 million including $3.2 million unused borrowing authority. For FY 2016, the Corporation is currently operating on a Continuing Resolution based on the FY 2015 level of $32,042,000. In addition, authority to obligate $750,000 of non-federal revenues has been apportioned by OMB for FY 2016.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2015 and 2014

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 asumptions that affect certain amounts reported in the financial statements and accompany notes. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications were made to the Corporation's 2014 financial statements to conform with the 2015 presentation.

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, 2015 and 2014 are as follows:

	2015	2014
Due from concession contracts	**$ 39,368**	$ 46,813
Other	**19,018**	23,845
Interest on deposits in minority banks	**4,223**	3,275
	62,609	73,933
Prepaid Contracts	**17,920**	25,760
Total	**$ 80,529**	$ 99,693

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2015 and 2014

Note 5. Plant in Service

Plant in service as of September 30, 2015 and 2014 is as follows:

		2015		2014	
Plant in Service	**Estimated Life (Years)**	**Cost**	**Accumulated Depreciation**	Cost	Accumulated Depreciation
Locks and guidewalls	40 - 100	**$ 116,247,338**	**$ 51,105,553**	$107,844,062	$ 49,566,513
Channels and canals	95	**36,870,221**	**19,875,984**	36,870,221	19,488,859
Buildings, grounds and utilities	50	**22,947,904**	**9,004,393**	19,683,574	8,556,831
Permanent operating equipment	5 - 40	**20,701,515**	**11,066,219**	20,790,124	10,719,811
Roads and bridges	50	**13,211,373**	**10,304,525**	12,564,980	10,042,452
Land rights & relocations	95	**5,639,064**	**3,064,007**	5,639,064	3,004,799
Navigation aids	10 - 40	**3,154,779**	**2,776,641**	3,154,779	2,746,604
Public use facilities	50	**975,970**	**814,535**	975,970	795,016
Lands in fee	N/A	**867,326**	**-**	867,326	-
Total plant in service		**$ 220,615,490**	**$108,011,857**	$208,390,100	$104,920,885

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, 2015, excluding personnel compensation, amounted to $108,893,948.

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.

Included in Plant in Service at September 30, 2015 is the cost of a new financial management system implemented by the Corporation during FY 2015. The total cost of the system is $1,709,930 and is being amortized over 7 years. Total amortization for the year ended September 30, 2015 amounted to $61,069.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2015 and 2014

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 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, 2015 and 2014 consist of the following:

	2015	2014
Concession operations	**$ 419,074**	$ 534,581
Pleasure craft/non-commercial tolls	**70,689**	87,655
Miscellaneous	**65,921**	74,892
Rental of administration building	**46,607**	45,919
Rebates	**17,565**	-
Gain on property disposals	**17,195**	34,556
Total	**$ 637,051**	$ 777,603

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2015 and 2014

Note 8. Operating Expenses by Object Class

Operating expenses by object class for the years ended September 30, 2015 and 2014 are as follows:

	2015	2014
Personnel services and benefits	**$ 13,418,382**	$ 13,221,091
Contractual services	**2,322,871**	2,326,277
Supplies and materials	**1,235,243**	981,388
Rental, communications and utilities	**177,603**	198,908
Travel and transportation	**245,081**	182,589
Equipment not capitalized	**171,567**	141,907
Printing and reproduction	**15,632**	13,665
Loss on property disposals	**1,050**	8,095
Subtotal	**17,587,429**	17,073,920
Depreciation expense	**3,487,588**	3,192,064
Imputed expenses	**838,570**	963,296
Total operating expenses	**$ 21,913,587**	$ 21,229,280

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, 2015 and 2014 as follows:

	2015	2014
Federal Employees Retirement System:		
Automatic contributions	**$ 1,187,261**	$ 1,070,813
Matching contributions	**306,721**	296,565
Social Security	**570,942**	550,453
Civil Service Retirement System	**68,365**	77,472
Total	**$ 2,133,289**	$ 1,995,303

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2015 and 2014

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, 2015 and 2014 were $838,570 and $963,296, 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, 2015 and 2014, revenue totaled $41,934 and $41,315 for space provided to the U.S. Coast Guard.

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, 2015 and 2014 of $358,767 and $340,053, 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 2015 and FY 2014 were as follows:

	2015	2014
U.S. Department of the Interior	$ 1,886,422	$ -
Federal Aviation Administration	390,555	368,849
Federal Highway Administration	54,848	36,589
Department of Commerce	8,741	8,228
General Services Administration	6,222	6,259
Office of Personnel Management	1,378	1,069
Office of the Secretary of Transportation	717	791
Federal Occupational Health	261	261
Total	$ 2,349,144	$ 422,046

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2015 and 2014

Note 10. Related Party Transactions *(continued)*

Accounts payable and accrued payroll benefits at September 30, 2015 and 2014 include $1,483,296 and $1,355,306 respectively, of amounts payable to the U.S. Government.

In fiscal years 2015 and 2014, the Corporation accrued costs of $112,326 and $128,621, 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, 2015, no material claims are pending against the Corporation. In addition to the current liabilities at September 30, 2015 and 2014 there were undelivered orders and contracts amounting to $17,136,617 and $13,518,257, 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.

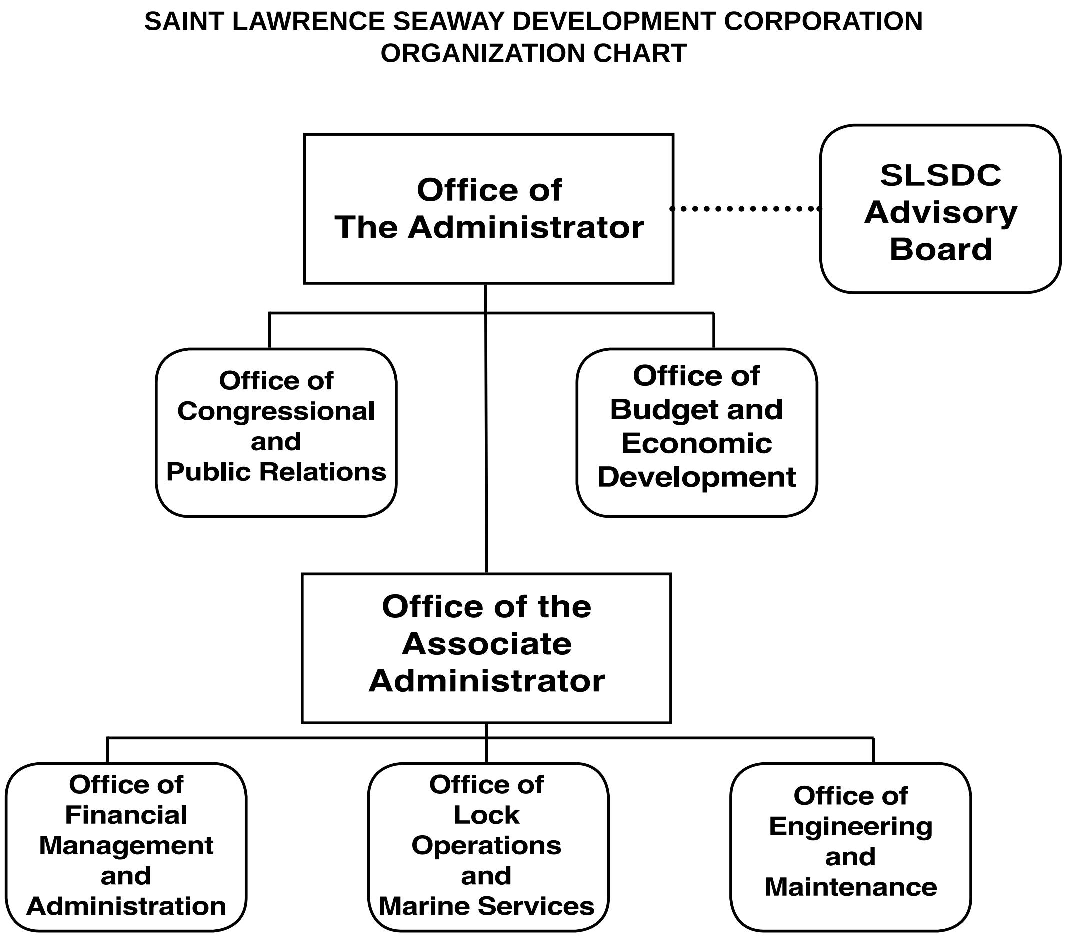
The Corporation also provides office space to several agencies under various lease agreements. The lease agreements are cancelable.

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 $49,780,628 consist of the Corporation's unobligated balance of $16,911,791 brought forward October 1, 2014, and reimbursements earned of $32,646,361, and recoveries of prior year's obligations of $222,476.

* * * * *



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
Deputy Chief of Staff	(202) 366-0107
Congressional and Public Relations	(202) 366-6114
Budget and Economic Development	(202) 366-8982

Great Lakes Regional Office

(216) 379-9106

Massena, N.Y. Office

Associate Administrator and Resident Manager	(315) 764-3251
Chief Counsel	(315) 764-3231
Chief Financial Officer	(315) 764-3275
Human Resources	(315) 764-3279
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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