

# Saint Lawrence Seaway Development Corporation



*Fiscal Year 2020  
Annual Report*

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**Saint Lawrence Seaway  
Development Corporation**

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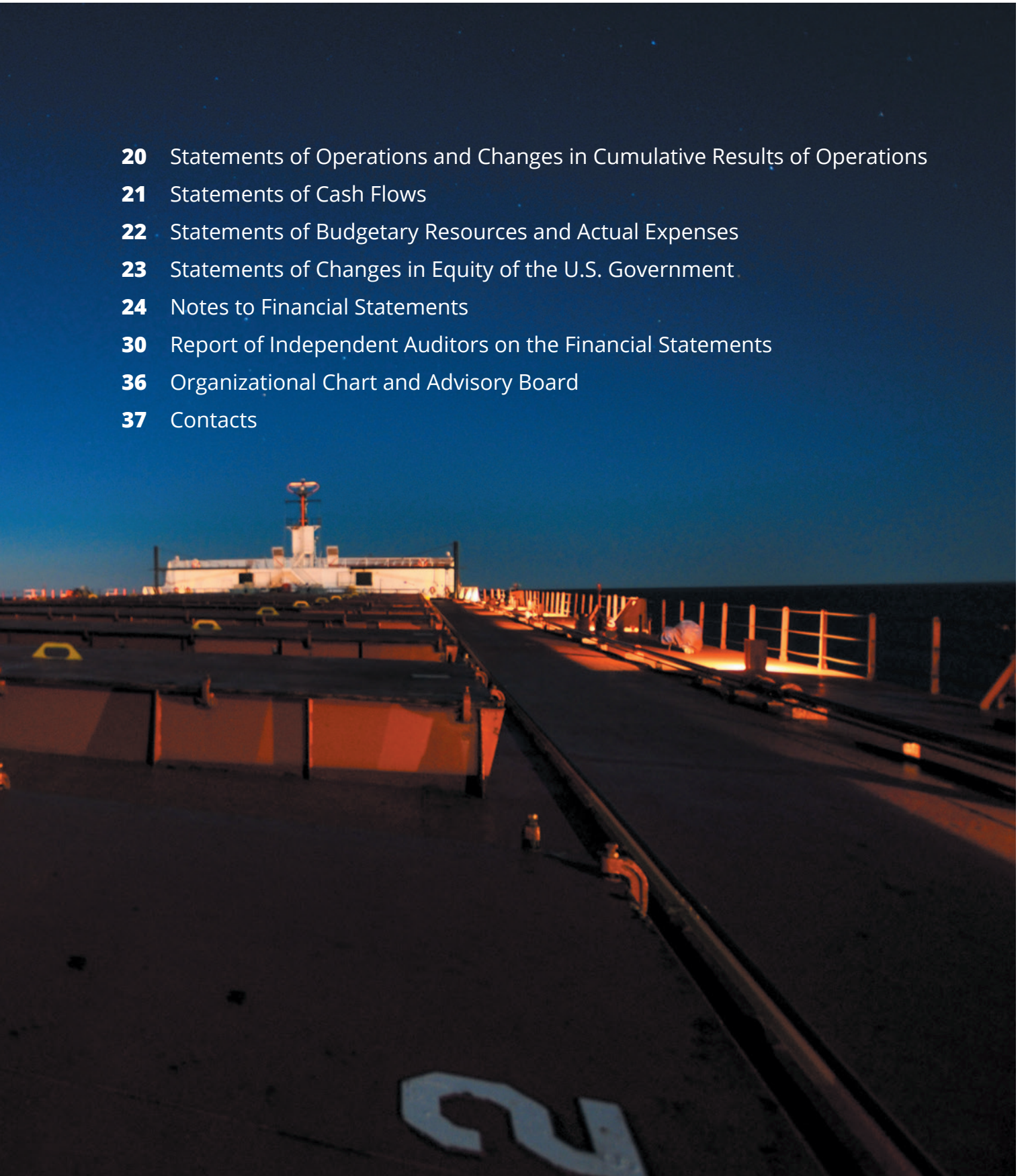
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## LETTER FROM THE DEPUTY ADMINISTRATOR



Dear Seaway Stakeholder:

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, 2020. The Office of Inspector General's (OIG) Independent Auditor's Report on the SLSDC's FY 2020 Financial Statements is presented together with information about the SLSDC, its mission, and the success of its performance measures. The OIG unmodified audit opinion represents the SLSDC's 57th consecutive unmodified audit opinion, dating back to its first financial audit in 1955.

This report and audit provide a comprehensive look at the many programs and initiatives undertaken by the SLSDC during the past fiscal year. The 2020 navigation season was one of the safest and smoothest navigation seasons in our history, and that alone makes it a season to remember. But, what makes the 2020 season so memorable is that the SLSDC achieved this record of performance during a prolonged, unrelenting, and unprecedented national health emergency. The pandemic began shortly before the April 1 opening, and for the next 9 months — until the U.S. locks closed on December 31 — it has been a day-to-day challenge to ensure that the Seaway could continue to work to fulfill the Agency's mission. The continued safety and reliability of our waterway is the foundation upon which we fulfill our mission, including promoting and accommodating increases in maritime cargo. The exceptional safety record of the Seaway System is an enduring legacy of the waterway that all of us at the SLSDC work hard to promote and preserve.

Throughout FY 2020, we completed several major projects to rehabilitate and modernize our infrastructure as part of the SLSDC's Asset Renewal Program (ARP). Since FY 2009, the SLSDC has obligated \$178 million on 87 separate ARP projects. In FY 2020, the SLSDC obligated \$17.7 million on 32 ARP projects.

In August 2020, the SLSDC took delivery of its new ice-class tugboat *SEAWAY GUARDIAN* to perform its icebreaking, vessel assistance, and buoy commissioning and decommissioning responsibilities. The \$24 million tugboat was constructed by Gulf Island Shipyards of Houma, La., and replaces the SLSDC's 1958 tug *ROBINSON BAY*. The new tugboat, designed to break up to 36 inches of ice while maintaining a speed of 3 knots, further enhances the SLSDC's ability to quickly and effectively respond to emergency operational incidents on the St. Lawrence Seaway. The new tug also achieves greater operational and cost-savings efficiencies, especially for buoy maintenance and retrieval/placement at the end and start of each navigation season. Unlike the *ROBINSON BAY*, the *SEAWAY GUARDIAN* produces lower emissions and is equipped with a deck-mounted crane and sufficient deck space to pick and/or deploy up to three full-size buoys without the use of the buoy-tending barge.

To learn more about the latest SLSDC programs and activities, visit us at [www.greatlakes-seaway.com](http://www.greatlakes-seaway.com), [www.seaway.dot.gov](http://www.seaway.dot.gov), on our Facebook page at [www.facebook.com/SeawayUSDOT](https://www.facebook.com/SeawayUSDOT), Twitter page at [www.twitter.com/SeawayUSDOT](https://www.twitter.com/SeawayUSDOT), and Instagram page at [www.instagram.com/seawayusdot/](https://www.instagram.com/seawayusdot/).

Craig H. Middlebrook  
Deputy Administrator



*The 2020 Seaway navigation season opened on April 1, 2020. The nearly 740-foot M/V ASSINIBOINE was the first vessel to transit U.S. Seaway locks. The CSL bulk carrier, westbound from Cote St. Catherine's QC, bound for Conneaut, Ohio, was in ballast, loaded iron ore, and traveled downbound to Quebec City.*

# MANAGEMENT DISCUSSION AND OVERVIEW

## Overview

### 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., maintaining the channels and navigational aids in U.S. waters, and performing vessel traffic control operations in areas of the St. Lawrence River and Lake Ontario. In addition, the Corporation performs economic and trade development activities designed to enhance Great Lakes St. Lawrence Seaway System utilization.

The 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 close coordination between the two Seaway Corporations.

The St. Lawrence Seaway directly serves the eight-state, two-province region, which represents an economic output of \$6 trillion annually. Maritime commerce on the Great Lakes Seaway System annually sustains nearly 238,000 U.S. and Canadian jobs, \$35 billion in transportation-related business revenue, \$14 billion in personal income and local consumption expenditures, \$8 billion in local purchases, and \$7 billion in federal, state/provincial, and local taxes. The binational waterway also provides approximately \$4 billion in annual transportation cost savings compared to competing rail and highway routes.

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

### Mission Statement

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

### Vision Statement

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



### Core Organizational Values

**S**ERVICE

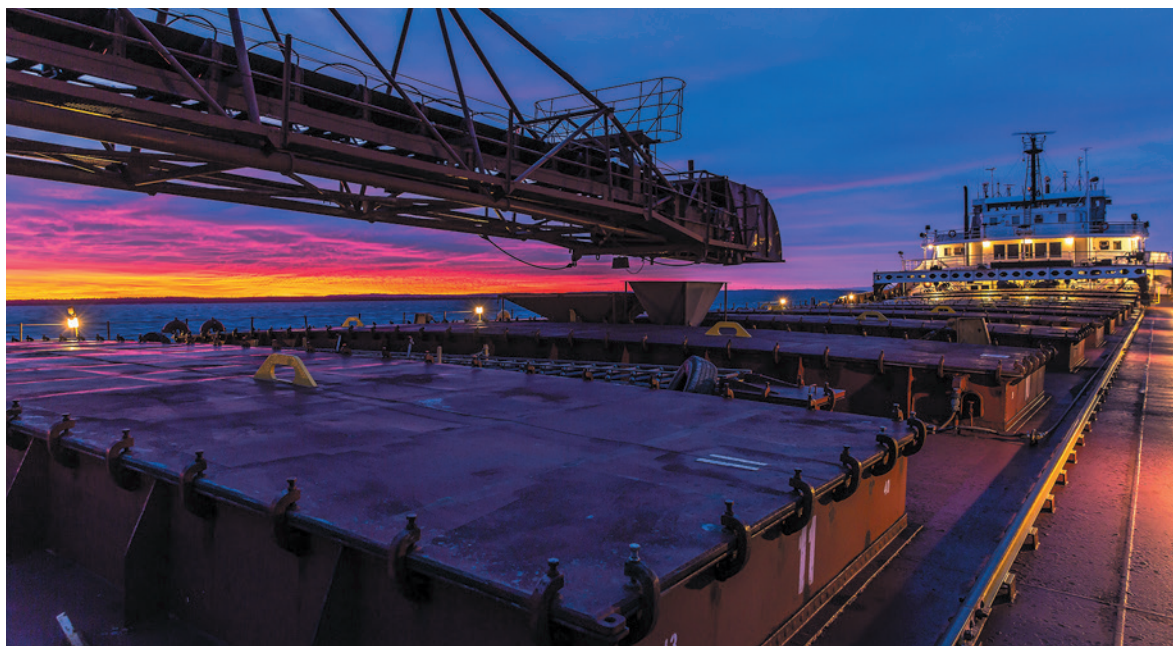
**L**EADERSHIP

**S**TEWARDSHIP

**D**EPENDABILITY

**C**OMMITMENT





## MANAGEMENT DISCUSSION AND OVERVIEW

# Financial Highlights for Fiscal Year 2020

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 commercial users of the two U.S. Seaway locks. Toll rates were established jointly with and collected by The St. Lawrence Seaway Authority (now known as the SLSMC), with the U.S. share remitted to the SLSDC. 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 the need for the U.S. to negotiate Seaway toll levels with the SLSMC.

### *Operating Revenues*

Operating revenues, excluding imputed financing, totaled \$26 million in Fiscal Year (FY) 2020, a \$7.7 million increase. Appropriations expended, representing the amount of the HMTF expended for operating purposes, increased \$7.9 million and other revenues decreased \$127,000.

### *Operating Expenses*

Overall operating expenses of \$23.1 million, excluding depreciation, imputed expenses and workers' compensation benefits, increased by \$3.6 million. Personnel services and benefits increased \$1.2 million and other costs increased \$2.4 million. Personnel services and benefits represented 67 percent of the Corporation's operating expenses in FY 2020. The SLSDC employed 127 people on September 30, 2020.



Other costs of \$7.6 million included: \$5.5 million for other contractual services; \$1.4 million for supplies and materials; \$262,000 for equipment not capitalized; \$170,000 for rent, communications, and utilities; \$160,000 for travel and transportation of persons and things; and \$19,000 for printing and reproduction.

### Imputed Financing and Expenses

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

### Total Assets

The SLSDC's financial position continues to remain sound with total assets of \$225 million. Plant, property, and equipment are valued at \$169 million.

### Time Deposits in Minority Banks and Interest Income

A key asset of the SLSDC is time deposits in minority banks, totaling \$10 million at year-end, a decrease of \$1.3 million. The interest income is an important financing source for the Corporation.

### Unobligated Balance

The SLSDC had an unobligated balance on September 30, 2020 of \$36.9 million, comprised of \$18.4 million of carryover balances from prior year appropriations, \$15.3 million in financial reserves, and \$3.2 million in unused borrowing authority. The financial reserve is maintained to finance emergency or extraordinary expenditures to ensure safe and uninterrupted use of the St. Lawrence Seaway, a policy affirmed by the USDOT, Office of Management and Budget, and the U.S. Congress in Appropriations Committee reports. The funds on deposit in minority banks were principally built up from toll income in excess of cash outlays prior to April 1, 1987, when the Corporation was a self-sustaining entity, and are invested in insured deposits consistent with Executive Order 11625 (October 13, 1971).

### SLSDC's Asset Renewal Program (ARP)

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

In FY 2020, the SLSDC obligated \$17.7 million on contracts for 32 capital projects as part of its ARP, including \$5.5 million to finish the design and begin

## SELECTED FINANCIAL INDICATORS\* (in thousands of dollars)

| For the Fiscal Years Ended September 30    | 2020           | 2019           | Change<br>\$   | %           |
|--|----------------|----------------|----------------|-------------|
| <b>Operating Revenues</b>                  | <b>26,076</b>  | <b>18,333</b>  | <b>7,743</b>   | <b>42</b>   |
| Appropriations expended                    | 25,508         | 17,638         | 7,870          | 45          |
| Other                                      | 568            | 695            | (127)          | (18)        |
| <b>Operating Expenses</b>                  | <b>23,103</b>  | <b>19,520</b>  | <b>3,583</b>   | <b>18</b>   |
| Personnel services and benefits            | 15,486         | 14,330         | 1,156          | 8           |
| Other                                      | 7,617          | 5,190          | 2,427          | 47          |
| <b>Imputed Financing and Expenses</b>      |                |                |                |             |
| Imputed financing                          | 850            | 1,037          | (186)          | (18)        |
| Imputed expenses                           | <b>850</b>     | <b>1,037</b>   | <b>(186)</b>   | <b>(18)</b> |
| <b>Total Assets</b>                        | <b>225,205</b> | <b>216,280</b> | <b>8,925</b>   | <b>4</b>    |
| <b>Time Deposits in Minority Banks</b>     | <b>9,960</b>   | <b>11,218</b>  | <b>(1,258)</b> | <b>(11)</b> |
| Short-term                                 | 9,720          | 9,098          | 622            | 7           |
| Long-term                                  | 240            | 2,120          | (1,880)        | (89)        |
| <b>Interest Income from Minority Banks</b> | <b>201</b>     | <b>188</b>     | <b>13</b>      | <b>7</b>    |

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

Concept drawing of the  
PERFORMANCE tug.



construction of a tugboat to replace the Corporation's tug *PERFORMANCE*; \$2.4 million for maintenance dredging in Snug Harbor and in the intermediate pool between the two U.S. locks; \$2.3 million to complete installation of the ice flushing system at Snell Lock; \$1.2 million for electrical upgrades; and \$1 million to replace the Corporation's heavy and light equipment. Additionally, the SLSDC obligated and expended \$1 million in personnel compensation and benefits in FY 2020 for ARP-related staff time.

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 involve the implementation of new technologies for the operation of the Seaway infrastructure, resulting in reduced maintenance needs and operating costs to Seaway users.

#### *Details on major FY 2020 ARP projects include:*

**ARP Project No. 9: Corporation Equipment – Replace Heavy and Light Equipment, Maintenance Vehicles and Shop Equipment** Empire Crane LLC, Syracuse, N.Y., was awarded a contract to deliver a 45-ton all-terrain mobile crane to replace an existing 30-ton mobile crane. Several work trucks and cargo vans were purchased through the General Services Administration (GSA) Auto Choice program to replace existing work vehicles in Massena, N.Y.

**ARP Project No. 12: Corporation Equipment – Upgrade/Replace Floating Plant** Washburn & Doughty Associates, Inc., East Boothbay, Maine, was awarded a contract to design and construct an ice-capable, 60-foot azimuth stern drive tugboat as a replacement for SLSDC's tug *PERFORMANCE*.

**ARP Project No. 17: Navigation Channels – Dredge U.S. Sectors to Maintain Design Grade and Dispose of Sediments** Luedtke Engineering Company, Frankfort, Mich., was awarded a contract to perform dredging work in the intermediate pool between Eisenhower and Snell Locks to increase critical navigational depths for the *SEAWAY GUARDIAN*.

**ARP Project No. 19: Corporation Facilities – Upgrade Electrical Distribution Equipment** Collins Hammond Electrical Contractors, Ogdensburg, N.Y., was awarded a contract to upgrade electrical distribution equipment and wiring at Snug Harbor to meet the additional shore power requirements of the *SEAWAY GUARDIAN*. This work also includes the installation of a standby emergency power generator set.

**ARP Project No. 23: Both Locks – Install Hands-Free Mooring System** Cavotec USA, Mooresville, N.C., was awarded a contract to supply a spare hands-free mooring (HFM) system dynamic head unit. This unit will facilitate the implementation of the SLSDC's periodic HFM equipment refurbishment program without the need for interrupting the availability of the locks or the HFM system during the navigation season.

**ARP Project No. 28: Snell Lock – Walls, Sills and Culverts – Rehabilitate Concrete** Patterson-Stevens, Tonawanda, N.Y., was awarded a contract to complete the demolition and dry-mix shotcrete repairs for the interior concrete surfaces of the downstream culvert valve vertical recesses and north side intake manifold culverts at Snell Lock.

**ARP Project No. 29: Eisenhower Lock – Walls, Sills and Culverts – Rehabilitate Concrete** Patterson-Stevens, Tonawanda, N.Y., was awarded a contract to complete the demolition and dry-mix shotcrete repairs for the vertical lift gate recess at Eisenhower Lock.

**ARP Project No. 41: Snell Lock – Install Ice Flushing System Technologies** Hohl Industrial Services Inc., Tonawanda, N.Y., was awarded a contract modification to demolish the existing valves and piping and install the redesigned knife gate valves, pipe transition sections and controls system needed to retrofit the ice flushing system at Snell Lock. The installation is scheduled for completion in late 2020 to allow for final testing and commissioning prior to the closing of the 2020 navigation season.

**ARP Project No. 44: Both Locks – Ship Arrestor Machinery – Upgrade/Replace** Dow Electric, Malone, N.Y., was awarded a contract to install new hydraulic power units and hydraulic cylinders for the two sets (four sets total) of ship arrestor booms and locking pins located at both U.S. Seaway locks.

**ARP Project No. 48: Both Locks – Stiffleg Derricks – Replace** N.K. Bhandari, Architecture & Engineering, P.C., Syracuse, N.Y., was awarded a contract to inspect, repair, and recertify four existing stiffleg derrick cranes. A single derrick crane is located at each end of both U.S. Seaway locks for the purpose of installing and removing bulkhead structures that are required to dewater the locks for preventative maintenance work during the winter shutdown periods.





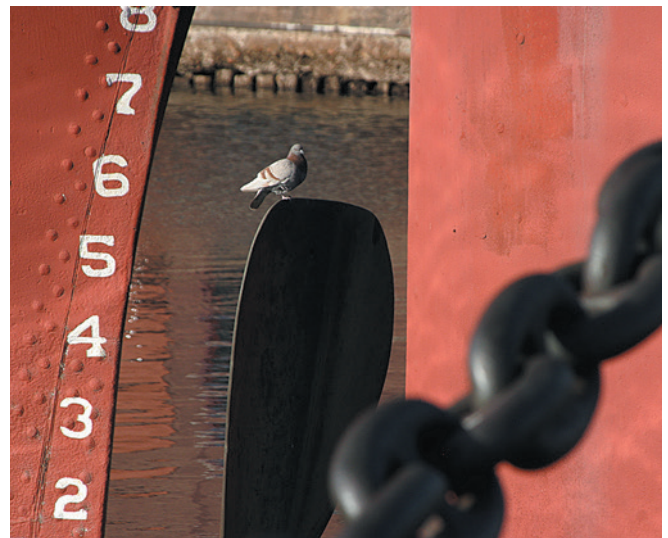
SEAWAY GUARDIAN  
tug with hoses.

# Operational Initiatives

## *SLSDC's New Ice-Class Tugboat SEAWAY GUARDIAN Delivered to SLSDC*

In August 2020, the SLSDC took delivery of its new ice-class tugboat *SEAWAY GUARDIAN* to perform its icebreaking, vessel assistance, and buoy commissioning and decommissioning responsibilities. The \$24 million tugboat was constructed by Gulf Island Shipyards of Houma, La., and replaces the SLSDC's 1958 tug *ROBINSON BAY*.

The new tugboat, designed to break up to 36 inches of ice while maintaining a speed of 3 knots, further enhances the SLSDC's ability to quickly and effectively respond to emergency operational incidents on the St. Lawrence Seaway. The new tug also achieves greater operational and cost-savings efficiencies, especially for buoy maintenance and retrieval/placement at the end and start of each navigation season. Unlike the *ROBINSON BAY*, the *SEAWAY GUARDIAN* produces lower emissions and is equipped with a deck-mounted crane and sufficient deck space to pick and/or deploy up to three full-size buoys without the use of the buoy-tending barge.





Transport  
Canada



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

In January 2020, a new report showed the continued effectiveness of the current Great Lakes Seaway ballast water management regime during the 2019 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 report was prepared by the Great Lakes Seaway Ballast Water Working Group (BWWG), which includes representatives of the SLSDC, SLSMC, the U.S. Coast Guard's (USCG) Ninth District, and Transport Canada. The group coordinates U.S. and Canadian enforcement and compliance efforts to reduce the introduction of aquatic invasive species in the Great Lakes Seaway System via ships' ballast water.

The *2019 Summary of Great Lakes Seaway Ballast Water Working Group* examined the U.S.-Canada Great Lakes Seaway System ballast water ship inspection program. During 2019, 100 percent of the ships bound for the Great Lakes from outside the Exclusive Economic Zone received a ballast tank exam prior to entering the St. Lawrence Seaway for the 10th consecutive year.

In total, 9,167 ballast tanks were assessed during 481 inbound ocean vessel transits in 2019. Additionally, BWWG agencies issued a Letter of Retention for 52 vessel transits involving 152 ballast tanks. Letters of Retention are issued for vessels that choose to retain the contents of the ballast water tanks, in lieu of another management option. When the vessel departs the Seaway System, compliance is verified and the letter is rescinded. No Letters of Warning, Administrative Monetary Penalties, or Notices of Violation were issued in 2019.

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

### *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 lower Québec ports, before the vessel enters the Seaway and U.S. waters. The ESI program expedites the safe transit of shipping through the Great Lakes St. Lawrence Seaway System, while maintaining strict environmental standards.

ESI inspections are jointly performed by 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 System vessel transits. In the event major deficiencies are identified, Transport Canada and the USCG are notified and the vessel is held before entering the St. Lawrence Seaway until all deficiencies are cleared.

The proactive approach and continued improvement of the 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.

Due to the 2020 health pandemic, the SLSDC modified its inspection protocols in early 2020 to perform ship inspections in Montréal only for foreign vessels that have not transited the St. Lawrence Seaway in the past 15 years. For all other foreign vessels, the SLSDC reviews self-assessments of each ship's safety equipment and protocols with a focus on any issues identified by the inspection team's review of historic inspection and transit data.

The SLSDC's goal of performing inspections of all foreign-flag vessels on their initial Seaway transit each year was achieved during the 2019 navigation season, with 251 inspections conducted by Corporation personnel. As of September 30, 2020, 100 percent of foreign-flag vessels were either inspected or assessed for compliance during the 2020 navigation season.





### *SLSDC Participates in Regional Virtual Tabletop Exercise*

The SLSDC maintains an Emergency Response Plan that enhances the Corporation's ability to respond to any vessel incident on the St. Lawrence River. The SLSDC works closely with local, tribal, state, and federal agencies to prepare for a quick and safe response to mitigate the impact of an accident or spill on the St. Lawrence Seaway. Annual training and drills are practiced ensuring resources are adequate for an effective response. Most training and drills include the participation of federal, state, and local response agencies and environmental groups. Since 1992, the SLSDC has participated in and/or hosted 40 annual emergency exercises.

On June 17, 2020, the SLSDC participated in the U.S. Coast Guard's Area Maritime Security Committee Eastern Great Lakes virtual tabletop exercise to evaluate the effectiveness of the current Area Maritime Security Plan. The exercise focused on a cyber-related incident that would affect commercial navigation and required a coordinated cyber incident response. The tabletop exercise involved representatives from U.S. Federal, State, and local response agencies, port authorities, and private sector groups.

### *SLSDC Continues to Support Binational "Green Marine" Program; Achieves High Level of Environmental Performance*

In FY 2020, 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 several 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 every two years 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 2019 rating period, the SLSDC and 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 Greenhouse Gases and Air Pollutants, Community Impacts, and Waste Management, and earned a perfect score of 5.0 for Environmental Leadership and Spill Prevention.





# Trade and Economic Development Initiatives

## *Five U.S. Ports Earn SLSDC's Robert J. Lewis Pacesetter Award for Increased International Trade in 2019*

In FY 2020, the SLSDC presented five U.S. Great Lakes Seaway System ports with its 28th annual Robert J. Lewis Pacesetter Award for registering increases in international cargo tonnage shipped through their ports during the 2019 navigation season compared to 2018.

The five ports earning the Pacesetter Award for 2019 were the Port of Chicago (Ill.), the Duluth Seaway Port Authority (Minn.), the Port of Green Bay (Wis.), the Port of Monroe (Mich.), and the Port of Oswego Authority (N.Y.).

Established in 1992, the SLSDC Pacesetter Award annually recognizes the economic development achievements of those U.S. Great Lakes Seaway System ports that increase international tonnage shipped through the St. Lawrence Seaway in comparison to the previous year. Over that time, the SLSDC has distributed 152 Pacesetter Awards to 15 different U.S. Great Lakes Seaway System ports.



*In June 2020, Deputy Administrator Craig H. Middlebrook provided a virtual presentation of the SLSDC's Pacesetter Award to the Port of Duluth-Superior.*

## *SLSDC Co-Sponsors Annual Highway H<sub>2</sub>O Conference*

The SLSDC and Canadian SLSMC co-sponsored the 15th Annual Highway H<sub>2</sub>O Conference from November 12-14, 2019 in Toronto, Ont. The 2019 conference, which included presentations from SLSDC and SLSMC leadership, focused on expanding and maximizing infrastructure and the view of the system from a shipper's perspective.

The conference remains an important event for Great Lakes St. Lawrence Seaway System stakeholders that utilize Highway H<sub>2</sub>O for international trade development. Attendees provided positive feedback that the conference remains an excellent opportunity for networking and for understanding current trade dynamics across the Great Lakes Seaway System.

## *SLSDC Hosts Virtual Trade and Economic Development Stakeholder Meeting*

On May 20, 2020, the SLSDC hosted a virtual meeting of U.S. Great Lakes Seaway System stakeholders to discuss Corporation trade and economic development activities and to listen and gather ideas and suggestions on ways to improve and enhance the program. More than 20 U.S. port executives and stakeholders participated in the meeting and provided input that the SLSDC is using in the development of its trade and economic development strategic plan. For those stakeholders who were unable to attend the virtual meeting, SLSDC officials reached out individually to them to seek input on the trade and economic development program.

### *SLSDC and SLSMC Host Annual Stakeholder Appreciation Reception*

In conjunction with the industry events surrounding the annual Montreal Marine Club dinner, the SLSDC and SLSMC co-sponsored its annual trade promotion and stakeholders' appreciation reception in Montreal, Que., December 5, 2019. This event allows the Seaway Corporations to support ongoing and future promotional 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. The 2019 reception was well-attended with over 200 U.S., Canadian, and European stakeholders.



*Great Lakes Delegation at the 2019 Breakbulk Americas Exhibition and Conference in Houston, Texas.*

### *SLSDC Co-Leads Great Lakes Seaway System Participation at Breakbulk Americas Conference*

The SLSDC and SLSMC co-led a binational delegation of Great Lakes Seaway System stakeholders to the 30th annual Breakbulk Americas Transportation Conference and Exhibition in Houston, Texas, from October 8-10, 2019.

Conference organizers announced that 5,000 attendees and 350 exhibitors from around the world gathered in Houston for the three-day event and were represented by terminal operators, logistics providers, carriers and representatives involved in the movement of general and breakbulk cargoes including steel, machinery and project cargo, lumber, and paper. Stakeholders representing Highway H<sub>2</sub>O are all in agreement that participation in Breakbulk Americas continues to offer an exceptional opportunity to raise awareness of their specific Great Lakes St. Lawrence Seaway maritime trade endeavors. The Highway H<sub>2</sub>O booth was represented by the largest delegation from the Great Lakes and the St. Lawrence Seaway System.



### *SLSDC Highlights Technology Innovations at 2020 Great Lakes Waterways Conference*

On February 11-12, 2020, SLSDC officials attended and participated in the 2020 Great Lakes Waterways Conference in Cleveland, Ohio. The annual event attracts several hundred Great Lakes Seaway System industry leaders and focuses on topics including new maritime technologies, trade and economic development, Great Lakes cruising, shipbuilding, and ballast water management.

SLSDC Deputy Administrator Craig Middlebrook presented at the conference on recent technological advancements on the St. Lawrence Seaway, including the hands-free mooring system installed at the Seaway locks and a new binational Seaway traffic flow management system under development with the U.S. Department of Transportation's Volpe National Transportation Systems Center.





*SLSDC employees in attendance at the USDOT 52nd Secretary's Annual Awards Ceremony: (Back Row L-R): Associate Administrator Thomas Lavigne, Jeremy Buffham, Matthew Cole, Kevin Smith, and Keith Benham. (Front Row L-R): Thomas Owney, Carrie Rogers, Kyle Savage, and Deputy Administrator Craig H. Middlebrook.*

# Management Initiatives

## ***SLSDC Work Teams and Employees Receive USDOT Secretarial Awards***

On November 14, 2019, U.S. Secretary of Transportation Elaine L. Chao honored SLSDC employees at the 52nd Annual Department of Transportation Secretary's Awards Ceremony in Washington, D.C. Secretary Chao honored two SLSDC teams and two individual employees at the ceremony for performing their duties in an exemplary manner to meet the Department's strategic goals and accomplish its mission.

The SLSDC's Water Rescue Team, comprised of five SLSDC Massena, N.Y. employees, received a Transportation Safety Award for retrieving a vessel crew member who had fallen into the water from a ship entering the Seaway's Eisenhower Lock in October 2018. In addition, Secretary Chao presented the team with the Department's highest award, the Gold Medal. This award is granted by the Secretary in recognition of exceptionally outstanding leadership or service that is distinguished by achievements of marked national or international significance that reflect great credit on the Department of Transportation and the

federal government. The SLSDC's Hands-Free Mooring Team, made up of 15 Massena-based employees, was recognized for their work in designing, constructing, and commissioning the new technology at the U.S. Seaway locks, which enhances both workplace and vessel safety.

Secretary Chao awarded a Meritorious Achievement Award to Carrie Rogers, for her significant contributions to the SLSDC in her role as Accounting Officer in the Massena office. This is the third highest award bestowed by the Secretary in recognition of exceptionally meritorious service. With her involvement, the SLSDC obtained its 55th consecutive clean audit in 2018. Kyle Savage, Management Specialist in the SLSDC's Washington, D.C. office, was presented the Secretary's Excellence Award, which is granted to employees who have achieved outstanding performance in all aspects of their work and deserve special commendation. He received this award for consistent and prolonged excellence in his support of the SLSDC's Office of the Administrator.



*The Great Lakes Seaway Partnership members on steps of the Minnesota State Capitol. (L-R): SLSDC Deputy Administrator Craig Middlebrook, Interlake Steamship Company President Mark Barker, Molly Sigel representing Cleveland-Cliffs, American Great Lakes Ports Association Executive Director Steven Fisher, Great Lakes St. Lawrence Governors & Premiers Executive Director David Naftzger, Duluth Seaway Port Authority Executive Director Deb DeLuca, Lake Carriers' Association Director of Environmental and Regulatory Affairs Thomas Rayburn, Fednav International Ltd. Executive Vice President Paul Gourdeau, and SLSDC Advisory Board Chairman David McMillan.*

### ***SLSDC Participates in Great Lakes Seaway Partnership Capitol Day Events in St. Paul, Minn.***

The SLSDC, as a member of the Great Lakes Seaway Partnership (Partnership), participated in Capitol Day events in St. Paul, Minn., in October 2019. On October 23, the SLSDC and Partnership members met with Minnesota Governor Tim Walz and other key state legislators to talk about the importance of commercial maritime navigation to the state of Minnesota, specifically the economic, environmental, and safety benefits of shipping.

Throughout the day, key Seaway stakeholders engaged in conversations covering topics including fleet and port investments, the future of Great Lakes cruising, iron ore production, and workforce development. They highlighted how commercial navigation is an economic driver in Minnesota, noting that more cargo moves in and out of Minnesota ports than any other Great Lakes state and supports over 6,000 jobs in Minnesota.

The Partnership's Capitol Day events are intended to educate state officials about the Great Lakes St. Lawrence Seaway System and to inform state policymakers on the importance of the binational waterway to the state economy. The Minnesota event was the sixth state Capitol Day sponsored by the Partnership. Previous events were held in Columbus, Ohio (2017), Indianapolis, Ind. (2015 and 2018), Lansing, Mich. (2017), and Madison, Wis. (2016).

The Partnership, created in June 2015, brings together leading U.S. and Canadian maritime organizations, including the SLSDC, working to enhance public understanding of the benefits of commercial shipping in the Great Lakes Seaway region of North America. The organization manages an education-focused communications program, sponsors research, and works closely with media, policymakers, community groups, allied industries, environmental stakeholders, and the public to highlight the positive attributes of marine transportation.

### ***SLSDC Achieves ISO 9001:2015 Quality Management System Recertification***

In August 2020, the SLSDC's International Standards Organization (ISO) 9001:2015 certified quality management system was recertified by Lloyds Register of Quality Assurance. The 9001:2015 standard includes greater emphasis on risk management and is based on several quality management principles including a strong customer focus, the motivation and support of top management, the process approach, and continual improvement. Maintaining the ISO certification has kept agency officials focused on finding better ways of operating the waterway and on recognizing how agency initiatives and decisions affect its internal and external customers. 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 organization's mission.

In 1998, the SLSDC began the process of measuring the success of its program by certifying its operations, maintenance, and administration business practices through ISO. The ISO 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 organization.






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## SLSDC FY 2020

### Key Performance Measures and Results

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#### 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 2019 navigation season, with 251 vessel inspections conducted by SLSDC personnel. In 2020, through September 30, 100 percent of foreign-flag vessels were either inspected or assessed for compliance.

#### SYSTEM RELIABILITY

"Ensure the reliability of the U.S. portion of the Seaway, including the U.S. locks and related navigational facilities, during each navigation season." The goal each year is 99 percent system reliability. System reliability during the 2020 navigation season, through September 30, was 99.2 percent. Final FY 2020 system reliability was 99.1 percent.

#### LOCK AVAILABILITY

"Minimize vessel delays due to lock equipment failure or malfunction." The goal each year is 99 percent lock availability. Lock availability during the 2020 season, through September 30, was 99.94 percent. Final FY 2020 lock-related delays totaled 8 hours, 6 minutes, which produced a 99.86 percent lock availability rate.

#### ADMINISTRATIVE EXPENSES

"Reduce the administrative overhead expense ratio of total operating expenses, excluding ARP projects, depreciation, and imputed expenses, to 23 percent or lower." The administrative expense ratio goal was met in FY 2020 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 2020 with a year-end balance of \$15.3 million.

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## Statements of Financial Position

September 30, 2020 and 2019

| Assets  | 2020           | 2019           |
|---|----------------|----------------|
| <b>Current Assets</b>                               |                |                |
| Cash  |                |                |
| Held by U.S. Treasury                               | \$ 41,196,740  | \$ 36,987,159  |
| Held in banks and on hand                           | 4,365          | 4,858          |
| Short-term time deposits in minority banks (Note 3) | 9,720,000      | 9,098,000      |
| Accounts receivable (Note 4)                        | 89,795         | 126,786        |
| Due from SIBC (Note 6)                              | 2,720,278      | 2,987,682      |
| Operating materials and supplies (Note 2)           | 463,973        | 429,545        |
| Other current assets (Note 4)                       | 36,220         | 6,470          |
| Total current assets                                | 54,231,371     | 49,640,500     |
| <b>Long-Term Investments</b>                        |                |                |
| Long-term time deposits in minority banks (Note 3)  | 240,000        | 2,120,000      |
| <b>Plant, Property and Equipment</b>                |                |                |
| Plant in service (Note 5)                           | 284,748,114    | 255,689,743    |
| Less: Accumulated depreciation                      | (134,369,424)  | (128,870,800)  |
| Net plant in service                                | 150,378,690    | 126,818,943    |
| Information Software, net                           | 529,211        | 792,979        |
| Work in progress                                    | 18,363,189     | 35,459,702     |
|   | 169,271,090    | 163,071,624    |
| <b>Other Assets</b>                                 |                |                |
| Lock spare parts, net (Note 2)                      | 1,462,312      | 1,447,554      |
| Total assets  | \$ 225,204,773 | \$ 216,279,678 |

Continued



## Statements of Financial Position

September 30, 2020 and 2019

| Liabilities and Equity of the U.S. Government           | 2020           | 2019           |
|---|----------------|----------------|
| <b>Current Liabilities</b>                              |                |                |
| Accounts payable  | \$ 3,211,799   | \$ 3,693,623   |
| Accrued annual leave (Note 2)                           | 1,042,408      | 956,311        |
| Accrued payroll costs                                   | 741,707        | 627,790        |
| Other Current Liabilities                               | 4,365          | 4,858          |
| Total current liabilities                               | 5,000,279      | 5,282,582      |
| <b>Actuarial Liabilities</b>                            |                |                |
| Worker's compensation benefits (Note 2)                 | 4,634,642      | 4,519,412      |
| Total liabilities                                       | 9,634,921      | 9,801,994      |
| <b>Equity of the U.S. Government</b>                    |                |                |
| Invested capital (Note 2)                               | 184,736,868    | 178,436,353    |
| Cumulative results of operations                        | 28,112,706     | 25,053,649     |
| Cumulative results of SIBC restricted use fund (Note 6) | 2,720,278      | 2,987,682      |
|   | 215,569,852    | 206,477,684    |
| Total liabilities and equity of the U.S. Government     | \$ 225,204,773 | \$ 216,279,678 |

Concluded

See Notes to Financial Statements.

## Statements of Operations and Changes in Cumulative Results of Operation

For the Years Ended September 30, 2020 and 2019

|   | 2020          | 2019          |
|---|---------------|---------------|
| <b>Operating Revenues</b>   |               |               |
| Appropriations expended   | \$ 25,508,037 | \$ 17,637,851 |
| Imputed financing (Note 9)  | 850,283       | 1,036,693     |
| Other (Note 7)  | 568,158       | 695,490       |
| Total operating revenues  | 26,926,478    | 19,370,034    |
| <b>Operating Expenses (Note 8)</b>  |               |               |
| Locks and marine operations   | 6,365,069     | 5,479,335     |
| Maintenance and engineering   | 8,291,820     | 6,106,109     |
| General and development   | 4,031,872     | 3,330,542     |
| Administrative expenses   | 4,414,317     | 4,603,985     |
| Depreciation  | 6,191,448     | 7,645,686     |
| Imputed expenses (Note 9)   | 850,283       | 1,036,693     |
| Worker's compensation benefits (Note 2)   | 115,230       | 33,641        |
| Total operating expenses  | 30,260,039    | 28,235,991    |
| Operating loss  | (3,333,561)   | (8,865,957)   |
| <b>Other Financing Sources</b>  |               |               |
| Interest on deposits in minority banks  | 201,170       | 187,691       |
| Transfer from invested capital for depreciation                                       | 6,191,448     | 7,645,686     |
| Total other financing sources   | 6,392,618     | 7,833,377     |
| <b>Operating revenues and other financing sources (under) over operating expenses</b> | 3,059,057     | (1,032,580)   |
| <b>Beginning cumulative results of operations</b>                                     | 25,053,649    | 26,086,229    |
| <b>Ending cumulative results of operations</b>  | \$ 28,112,706 | \$ 25,053,649 |
| <b>SIBC Restricted Use Fund Activity (Note 6)</b>                                     |               |               |
| Interest earned   | 28,458        | 40,556        |
| Allocation of annual surplus  | (54,042)      | 148,712       |
| Foreign currency exchange   | (21,367)      | (67,765)      |
| Total SIBC revenues   | (46,951)      | 121,503       |
| Bridge repairs  | 220,453       | 142,383       |
| SIBC restricted fund (loss) gain  | (267,404)     | (20,880)      |
| <b>Beginning cumulative results of SIBC restricted use fund</b>                       | 2,987,682     | 3,008,562     |
| <b>Ending cumulative results of SIBC restricted use fund</b>                          | \$ 2,720,278  | \$ 2,987,682  |

See Notes to Financial Statements.



## Statements of Cash Flow

*For the Years Ended September 30, 2020 and 2019*

|   | 2020                 | 2019                 |
|---|----------------------|----------------------|
| <b>Cash flows from operating activities:</b>  |                      |                      |
| Operating revenues and other financing sources over (under) operating expenses  | \$ 3,059,057         | \$ (1,032,580)       |
| Adjustments to reconcile operating revenues and other financing sources over operating expenses to net cash provided by (used in) operating activities: |                      |                      |
| Depreciation  | 6,191,448            | 7,645,686            |
| Transfer from invested capital for depreciation   | (6,191,448)          | (7,645,686)          |
| Net loss (gain) on property disposals   | 31,049               | 48,770               |
| Change in assets and liabilities:   |                      |                      |
| Accounts receivable   | 36,991               | (30,772)             |
| Operating materials and supplies  | (34,428)             | 18,884               |
| Other current assets  | (29,750)             | 84,067               |
| Other assets  | (14,758)             | (702,653)            |
| Accounts payable  | (481,824)            | (2,243,348)          |
| Accrued liabilities   | 200,014              | 197,037              |
| Other Current Liabilities   | (493)                | 3,684                |
| Actuarial Liabilities (Note 2)  | 115,230              | 33,641               |
| Net cash (used in) provided by operating activities   | 2,881,088            | (3,623,270)          |
| <b>Cash flows from investing activities:</b>  |                      |                      |
| Proceeds from plant, property and equipment disposals   | 70,000               | 93,266               |
| Acquisition of plant, property and equipment  | (12,491,963)         | (18,362,149)         |
| Net decrease in time deposits   | 1,258,000            | (272,000)            |
| Net cash used in investing activities   | (11,163,963)         | (18,540,883)         |
| <b>Cash flows from financing activities:</b>  |                      |                      |
| Appropriations for plant, property and equipment  | 12,491,963           | 18,362,149           |
| <b>Net increase (decrease) in cash</b>  | <b>4,209,088</b>     | <b>(3,802,004)</b>   |
| <b>Cash at beginning of year</b>  | <b>36,992,017</b>    | <b>40,794,021</b>    |
| <b>Cash at end of year</b>  | <b>\$ 41,201,105</b> | <b>\$ 36,992,017</b> |

See Notes to Financial Statements.

## Statements of Budgetary Resources and Actual Expenses *(Note 12)*

*For the Year Ended September 30, 2020*

|   | Budget        |               | Expenses              |
|---|---------------|---------------|-----------------------|
|   | Resources     | Obligations   |                       |
| <b>Saint Lawrence Seaway Development Corporation Fund</b> | \$ 75,701,855 | \$ 38,816,819 | \$ 30,260,039         |
| <b>Budget Reconciliation:</b>                             |               |               |                       |
| <b>Total expenses</b>                                     |               |               | 30,260,039            |
| Adjustments   |               |               |                       |
| Add:  |               |               |                       |
| Capital acquisitions                                      |               |               | 12,491,963            |
| Increase in operating materials and supplies              |               |               | 34,428                |
| Increase in other assets                                  |               |               | 14,758                |
| Deduct:   |               |               |                       |
| Depreciation  |               |               | (6,191,448)           |
| Imputed expenses  |               |               | (850,283)             |
| Decrease in net plant in service, property disposals      |               |               | (31,049)              |
| Workers' compensation benefits                            |               |               | (115,230)             |
| Less reimbursements:                                      |               |               |                       |
| Trust funds   |               |               | (38,000,000)          |
| Revenues from non-federal sources                         |               |               | <u>(839,328)</u>      |
| Accrued expenditures                                      |               |               | <u>\$ (3,226,150)</u> |

See Notes to Financial Statements.



## Statements of Changes in Equity of the U.S. Government

*For the Years Ended September 30, 2020 and 2019*

|  | Invested<br>Capital | Unexpended<br>Appropriations | Cumulative<br>Results of<br>Operations | Cumulative<br>Results<br>of SIBC<br>Restricted<br>Use Fund |
|--|---------------------|------------------------------|--|--|
| <b>Balance, September 30, 2018</b>                                 | \$ 167,694,890      | \$ —                         | \$ 26,086,229                          | \$ 3,008,562   |
| Appropriations expended  | —                   | (17,637,851)                 | 17,637,851                             | —  |
| Fiscal Year 2019 appropriations                                    | —                   | 36,000,000                   | —                                      | —  |
| Other financing sources  | 25,000              | —                            | 1,919,874                              | 121,503  |
| Operating expenses, excluding<br>depreciation and imputed expenses | —                   | —                            | (19,519,971)                           | (142,383)  |
| Depreciation expense   | —                   | —                            | (7,645,686)                            | —  |
| Imputed expenses   | —                   | —                            | (1,036,693)                            | —  |
| Workers' compensation actuarial                                    | —                   | —                            | (33,641)                               | —  |
| Transfer from invested capital<br>for depreciation                 | (7,645,686)         | —                            | 7,645,686                              | —  |
| Capital expenditures   | 18,362,149          | (18,362,149)                 | —                                      | —  |
| <b>Balance, September 30, 2019</b>                                 | 178,436,353         | —                            | 25,053,649                             | 2,987,682  |
| Appropriations expended  | —                   | (25,508,037)                 | 25,508,037                             | —  |
| Fiscal Year 2020 appropriations                                    | —                   | 38,000,000                   | —                                      | —  |
| Other financing sources  | —                   | —                            | 1,619,611                              | (46,951)   |
| Operating expenses, excluding<br>depreciation and imputed expenses | —                   | —                            | (23,103,078)                           | (220,453)  |
| Depreciation expense   | —                   | —                            | (6,191,448)                            | —  |
| Imputed expenses   | —                   | —                            | (850,283)                              | —  |
| Workers' compensation actuarial                                    | —                   | —                            | (115,230)                              | —  |
| Transfer from invested capital<br>for depreciation                 | (6,191,448)         | —                            | 6,191,448                              | —  |
| Capital expenditures   | 12,491,963          | (12,491,963)                 | —                                      | —  |
| <b>Balance, September 30, 2020</b>                                 | \$ 184,736,868      | \$ —                         | \$ 28,112,706                          | \$ 2,720,278   |

## NOTES TO FINANCIAL STATEMENTS

*As of and for the years ended September 30, 2020 and 2019*

### 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.

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

All lock spare parts are included and tracked in Operating Materials and Supplies with no depreciation, and continue to be disclosed on the balance sheet under Other Assets. The total cost of lock spare parts at September 30, 2020 was \$1,462,312.

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

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

The Corporation funds a program administered by the U.S. Department of Labor to compensate certain employees for death and disability resulting from performance of duty injuries or illnesses as set forth in the Federal Employees Compensation Act

(FECA). As provided by FECA, employees and certain dependents are beneficiaries for various periods that can extend to life. The Corporation recognizes current costs of the program on an accrual basis and expenses those costs in the year the benefits are due. Effective with fiscal year (FY) 1994, the actuarial liability of these benefits is recognized and recorded in these financial statements. The liability recorded of \$4,634,642 and \$4,519,412 at September 30, 2020 and 2019, 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 \$57,861,431 for FY 2020, \$38,000,000 from the Fund (Public Laws 116-94); \$19,211,431 from the Corporation's unobligated balance and \$650,000 from non federal revenues. Actual obligations, in contrast to the accrued costs stated in the Statement of Operations, totaled \$38,816,819 for FY 2020. The Corporation's unobligated balance at September 30, 2020 totaled \$36.9 million including \$3.2 million unused borrowing authority. For FY 2021, the Corporation is currently operating on a Continuing Resolution based on the FY 2020 level of \$38,000,000. In addition, authority to obligate \$650,000 of non-federal revenues and \$16,500,000 from the Corporation's unobligated balance has been apportioned by OMB for FY 2021.

## NOTES TO FINANCIAL STATEMENTS

As of and for the years ended September 30, 2020 and 2019

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Statements of Cash Flows

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

#### Use of Estimates

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

### NOTE 3. TIME DEPOSITS IN MINORITY BANKS

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

### NOTE 4. ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

The Corporation has not provided for an allowance on uncollectible receivables because prior losses have been insignificant. Receivables and other current assets as of September 30, 2020 and 2019 are as follows:

|  | 2020       | 2019       |
|--|------------|------------|
| Due from concession contracts          | \$ 31,149  | \$ 36,580  |
| Other                                  | 41,108     | 64,991     |
| Interest on deposits in minority banks | 17,538     | 25,215     |
|  | 89,795     | 126,786    |
| Prepaid Contracts-Non-Federal          | 29,750     | 0          |
| Prepaid Contracts-Federal              | 6,470      | 6,470      |
| Total                                  | \$ 126,015 | \$ 133,256 |



## NOTES TO FINANCIAL STATEMENTS

As of and for the years ended September 30, 2020 and 2019

## NOTE 5. PLANT IN SERVICE

Plant in service as of September 30, 2020 and 2019 is as follows:

| Plant in Service                 | Estimated Life (Years) | 2020                  |                          | 2019                  |                          |
|----------------------------------|------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
|                                  |                        | Cost                  | Accumulated Depreciation | Cost                  | Accumulated Depreciation |
| Locks and guidewalls             | 40 - 100               | \$ 150,636,558        | \$ 65,179,077            | \$ 147,969,348        | \$ 61,738,284            |
| Permanent operating equipment    | 5 - 40                 | 46,313,256            | 13,034,282               | 21,667,853            | 12,650,062               |
| Channels and canals              | 95                     | 36,870,221            | 23,916,790               | 36,870,221            | 23,529,701               |
| Buildings, grounds and utilities | 50                     | 27,140,572            | 13,886,992               | 25,584,025            | 12,998,011               |
| Roads and bridges                | 50                     | 13,947,236            | 11,839,345               | 13,913,141            | 11,528,569               |
| Land rights & relocations        | 95                     | 5,639,064             | 3,655,444                | 5,639,064             | 3,596,241                |
| Navigation aids                  | 10 - 40                | 3,333,881             | 2,857,494                | 3,178,765             | 2,829,932                |
| Lands in fee                     | N/A                    | 867,326               | —                        | 867,326               | —                        |
| Total plant in service           |                        | <u>\$ 284,748,114</u> | <u>\$ 134,369,424</u>    | <u>\$ 255,689,743</u> | <u>\$ 128,870,800</u>    |

The U.S. portion of the St. Lawrence Seaway was built in the 1950s. In FY 2009, the Corporation began its Asset Renewal Program (ARP) 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 open obligations) in the program through September 30, 2020 amounted to \$179,253,690.

Plant in Service includes costs of certain features of the South Channel Span of the Seaway International

Bridge, which is discussed in Note 6. These features include land rights and relocation costs incurred in removing the old bridges, which were a hindrance to navigation, and in building the superstructure of the South Channel 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 is Internal Use Software with a total cost for these systems at \$1,846,376 and total amortization amounted to \$1,317,165 at September 30, 2020.

## NOTES TO FINANCIAL STATEMENTS

*As of and for the years ended September 30, 2020 and 2019*

### NOTE 6. DUE FROM THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD. (SIBC)

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

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

|   | 2020         | 2019         |
|---|--------------|--------------|
| Beginning Balance, 10/1   | \$ 2,987,682 | \$ 3,008,562 |
| Interest Earned   | 28,458       | 40,556       |
| Allocation of Annual Surplus  | (54,042)     | 148,712      |
| Bridge Repairs/Improvements   | (220,453)    | (142,383)    |
| Foreign Currency Exchange   | (21,367)     | (67,765)     |
| Ending Balance, 9/30  | \$ 2,720,278 | \$ 2,987,682 |
| Amount restricted for future South Channel Span repairs/Improvement | \$ 2,720,278 | \$ 2,987,682 |

The ending balance is disclosed as an asset, Due from SIBC, and equity, Cumulative results of SIBC restricted use fund. The activity for FY 2020 and FY 2019 is disclosed on the Statements of Operations and Changes in Cumulative Results of Operations. Bridge Repairs for FY 2020 includes \$217,941 for Service Job Order 18-01, Replacement Travelers and \$2,512 for Service Job Order 18-02, Light Replacement.

The U.S./Canada border closure in March 2020, a result of the global health pandemic, has resulted in a 71 percent reduction in paid toll revenues (April-September 2020). In August 2020, the Canadian federal government agreed to provide (CAN) \$2.6

million to keep the bridge open and cover any toll revenue shortfalls for SIBC operations through March 31, 2021, and the U.S. Department of Transportation (USDOT) agreed to request funding from Congress to cover the remainder of toll revenue shortfalls through September 30, 2021. Further, both governments agreed to work together to address the long-term financial viability of the bridge. More specifically, Transport Canada, USDOT, and the SLSDC formed a working group which began meeting in September 2020 that anticipates having a final resolution to the long-standing financial, governance, and management issues at the bridge.

### NOTE 7. OTHER REVENUES

Other revenues for the years ended September 30, 2020 and 2019 consist of the following:

|                                     | 2020       | 2019       |
|-------------------------------------|------------|------------|
| Concession operations               | \$ 348,172 | \$ 379,600 |
| Miscellaneous                       | 70,536     | 83,384     |
| Pleasure craft/non-commercial tolls | 51,734     | 69,590     |
| Rental of administration building   | 47,811     | 47,440     |
| Rebates                             | 25,395     | 23,152     |
| Payments for damages to locks, net  | 24,510     | 68,742     |
| Gain on property disposals          | 0          | 23,582     |
| Total                               | \$ 568,158 | \$ 695,490 |

Payments for damages are reported net of direct materials and direct labor costs. Reimbursements

for direct materials and direct labor are recorded as reductions of the related expense accounts.

## NOTES TO FINANCIAL STATEMENTS

As of and for the years ended September 30, 2020 and 2019

## NOTE 8. OPERATING EXPENSES BY OBJECT CLASS

Operating expenses by object class for the years ended September 30, 2020 and 2019 are as follows:

|                                      | 2020          | 2019          |
|--------------------------------------|---------------|---------------|
| Personnel services and benefits      | \$ 15,485,908 | \$ 14,329,817 |
| Contractual services                 | 5,536,980     | 3,193,052     |
| Supplies and materials               | 1,437,225     | 1,327,511     |
| Equipment not capitalized            | 262,138       | 234,606       |
| Rental, communications and utilities | 170,580       | 190,045       |
| Travel and transportation            | 160,196       | 178,935       |
| Loss on property disposals           | 31,049        | 48,770        |
| Printing and reproduction            | 19,002        | 17,235        |
| Subtotal                             | 23,103,078    | 19,519,971    |
| Depreciation expense                 | 6,191,448     | 7,645,686     |
| Imputed expenses                     | 850,283       | 1,036,693     |
| Worker's compensation benefits       | 115,230       | 33,641        |
| Total operating expenses             | \$ 30,260,039 | \$ 28,235,991 |

## 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, 2020 and 2019 as follows:

|                                      | 2020         | 2019         |
|--------------------------------------|--------------|--------------|
| Federal Employees Retirement System: |              |              |
| Automatic contributions              | \$ 1,571,919 | \$ 1,320,573 |
| Matching contributions               | 370,233      | 352,569      |
| Social Security                      | 659,358      | 625,232      |
| Civil Service Retirement System      | 46,650       | 49,208       |
| Total                                | \$ 2,648,160 | \$ 2,347,582 |

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, 2020 and 2019 were \$850,283 and \$1,036,693, respectively.



## NOTES TO FINANCIAL STATEMENTS

*As of and for the years ended September 30, 2020 and 2019*

### 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, 2020 and 2019, revenue totaled \$45,202 and \$44,352 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, 2020 and 2019 of \$522,670 and \$475,145, 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 2020 and FY 2019 were as follows:

|                                 | 2020         | 2019         |
|---------------------------------|--------------|--------------|
| Department of the Interior      | \$ 746,517   | \$ 639,468   |
| Federal Aviation Administration | 536,874      | 489,312      |
| Department of Defense           | 12,132       | 0            |
| Department of Commerce          | 10,099       | 10,313       |
| Maritime Administration         | 7,500        | 0            |
| Federal Occupational Health     | 3,150        | 3,150        |
| Federal Highway Administration  | 0            | 27,085       |
| Total                           | \$ 1,316,272 | \$ 1,169,328 |

Accounts payable and accrued payroll benefits at September 30, 2020 and 2019 include \$1,644,044 and \$1,564,699 respectively, of amounts payable to the U.S. Government.

In fiscal years 2020 and 2019, the Corporation accrued costs of \$104,456 and \$107,860, 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, 2020, no material claims are pending against the Corporation. In addition to the current liabilities at September 30, 2020 and 2019 there were undelivered orders and contracts amounting to \$12,482,260 and \$9,440,396, respectively. For FY 2020, Federal Undelivered Orders total

\$165,759 and Non-Federal Undelivered Orders were \$12,316,501, with \$6,470 paid and \$12,475,790 unpaid.

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.

### 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 \$75,701,856 consist of the Corporation's unobligated balance of \$36,693,509 brought forward October 1, 2019, and reimbursements earned of \$38,776,325, and recoveries of prior year's obligations of \$232,022.




U.S. DEPARTMENT OF TRANSPORTATION  
OFFICE OF INSPECTOR GENERAL

## Memorandum

Date: November 12, 2020

Subject: INFORMATION: Independent Auditor's Report on the Saint Lawrence Seaway Development Corporation's Financial Statements for Fiscal Years 2020 and 2019 | Report No. FI2021005

From: Louis C. King   
Assistant Inspector General for Financial Audits

To: Saint Lawrence Seaway Development Corporation Administrator

In our audit of the fiscal years 2020 and 2019 financial statements of the Saint Lawrence Seaway Development Corporation (SLSDC), a U.S. Government Corporation, we found

- that SLSDC's financial statements as of and for the fiscal years ended September 30, 2020, and September 30, 2019, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses<sup>1</sup> in internal control over financial reporting based on the limited procedures we performed, and
- no reportable noncompliance for fiscal year 2020, with provisions of the applicable laws, regulations, and contracts we tested.

The following sections discuss in more detail (1) our report on the financial statements and other information<sup>2</sup> included with the financial statements; (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, and contracts; and (4) Agency comments (see appendix).

We appreciate the cooperation and assistance of SLSDC's representatives. If you have any questions, please contact me at (202) 366-1407, or George Banks, Program Director, at (202) 420-1116.

cc: The Secretary  
DOT Audit Liaison, M-1  
SLSDC Audit Liaison

<sup>1</sup> A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A 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.

<sup>2</sup> The other information consists of SLSDC's Management Discussion and Analysis, which is included in the Agency's Annual Financial Report (see attachment 1).

## Report of Independent Auditors on Financial Statements

### REPORT ON THE FINANCIAL STATEMENTS

In accordance with the Government Corporation Control Act of 1945,<sup>3</sup> we have audited SLSDC's financial statements. SLSDC's financial statements comprise the statements of financial position as of September 30, 2020, and September 30, 2019; the related statements of operations and changes in cumulative results of operations, cash flows, budgetary resources and actual expenses, and changes in equity of the U.S. Government for the years then ended; and the related notes to the financial statements.<sup>4</sup>

We conducted our audit in accordance with U.S. generally accepted Government auditing standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Management's Responsibility

SLSDC management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements; and (3) maintaining effective internal control over financial reporting, including 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. U.S. generally accepted Government auditing standards and Office of Management and Budget (OMB) Bulletin No. 19-03, Audit Requirements for Federal Financial Statements (August 2019) require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the auditor's 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 of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit also included performing such other procedures as we considered necessary in the circumstances.

#### Opinion on Financial Statements

In our opinion, SLSDC's financial statements present fairly, in all material respects, SLSDC's financial position as of September 30, 2020, and September 30, 2019, and SLSDC's operations and changes in cumulative results of operations, cash flows, budgetary resources and actual expenses, and changes in equity of the U.S. Government for the years then ended, in accordance with U.S. generally accepted accounting principles.

#### Other Matters

##### Other Information

SLSDC's Other Information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements. We read the Other Information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on SLSDC's financial statements. We did not audit and do not express an opinion or provide any assurance on SLSDC's Other Information.

<sup>3</sup> 31 U.S.C. § 9105.

<sup>4</sup> The financial statements are included in SLSDC's Annual Financial Report (see attachment 3).



## Report of Independent Auditors on Financial Statements

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with our audit of SLSDC's financial statements, we considered SLSDC's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to SLSDC's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

#### *Management's Responsibility*

SLSDC's management is responsible for maintaining effective internal control over financial reporting, including 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.

#### *Auditor's Responsibility*

In planning and performing our audit of SLSDC's financial statements as of and for the fiscal year ended September 30, 2020, in accordance with U.S. generally accepted Government auditing standards, we considered SLSDC's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SLSDC's internal control over financial reporting. Accordingly, we do not express an opinion on SLSDC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies<sup>5</sup> or material weaknesses. We did not consider all internal controls relevant to operating objectives, as broadly established under the Federal Managers' Financial Integrity Act of 1982 (FMFIA)<sup>6</sup> such as those controls relevant to preparing performance information and ensuring efficient operations.

#### *Definition and Inherent Limitations of Internal Control Over Financial Reporting*

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

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

#### *Results of Our Consideration of Internal Control Over Financial Reporting*

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies, or to express an opinion on the effectiveness of SLSDC's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### *Intended Purpose of Report on Internal Control Over Financial Reporting*

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

<sup>5</sup> A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

<sup>6</sup> Pub. L. No. 97-255. SLSDC is required to provide an FMFIA assurance statement on its internal accounting and administrative control systems (see attachment 2).

## Report of Independent Auditors on Financial Statements

### REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, AND CONTRACTS

In connection with our audit of SLSDC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, and contracts consistent with our responsibility as auditors discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted Government auditing standards.

#### *Management's Responsibility*

SLSDC management is responsible for complying with laws, regulations, and contracts applicable to SLSDC.

#### *Auditor's Responsibility*

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, and contracts applicable to SLSDC that have a direct effect on the determination of material amounts and disclosures in SLSDC's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, and contracts applicable to SLSDC.

#### *Results of Our Tests for Compliance With Laws, Regulations, and Contracts*

Our tests for compliance with selected provisions of applicable laws, regulations, and contracts disclosed no instances of noncompliance for fiscal year 2020 that would be reportable under U.S. generally accepted Government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, and contracts applicable to SLSDC. Accordingly, we do not express such an opinion.

#### *Intended Purpose of Report on Compliance With Laws, Regulations, and Contracts*

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, and contracts, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted Government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, and contracts is not suitable for any other purpose.

## AGENCY COMMENTS AND OIG RESPONSE

We provided SLSDC with a draft of our report on November 8, 2020, and received SLSDC's response dated November 12, 2020, which is included in the appendix to this report.

SLSDC's response to our report was not subject to the auditing procedures we applied to our audit of the financial statements and, therefore, we express no opinion on the response.

## ACTIONS REQUIRED

No actions are required.




U.S. Department  
Of Transportation

**Saint Lawrence  
Seaway Development  
Corporation**

# Memorandum

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

**Date:** October 14, 2020

**From:**   
Craig H. Middlebrook  
Deputy Administrator

**To:** Louis C. King  
Assistant Inspector General for Financial and Information  
Technology Audits

Pursuant to Section 306 of the Chief Financial Officers Act of 1990, the Saint Lawrence Seaway Development Corporation (Corporation) is required to provide a statement on internal accounting and administrative control systems consistent with the requirements of the Federal Managers' Financial Integrity Act (FMFIA) of 1982. An evaluation of the system of internal accounting and administrative control of the Corporation in effect during the year ended September 30, 2020, 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, 2020, 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 2020 and prior years.





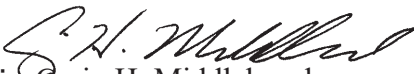
U.S. Department  
Of Transportation

**Saint Lawrence  
Seaway Development  
Corporation**

# Memorandum

**Subject:** Management's Response to the OIG Audit Report  
on the SLSDC's Financial Statements for  
Fiscal Year 2020

**Date:** November 12, 2020

**From:**   
Craig H. Middlebrook  
Deputy Administrator

**To:** Howard R. "Skip" Elliott  
Acting Inspector General  
U.S. Department of Transportation

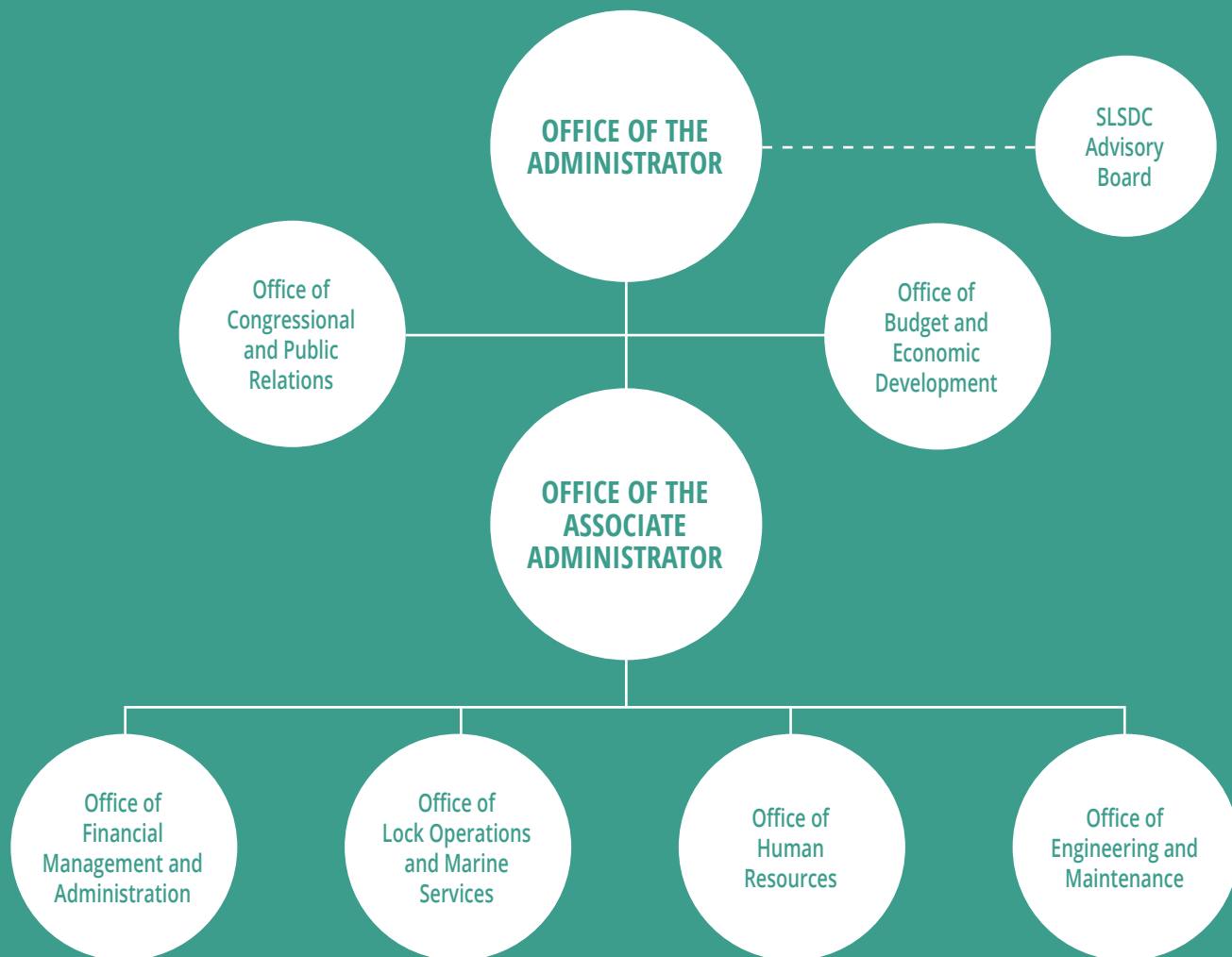
This memorandum represents the Saint Lawrence Seaway Development Corporation's (SLSDC) official management response to the Office of Inspector General's (OIG) Independent Auditor's Report on Audited Financial Statements for Fiscal Year (FY) 2020, dated November 12, 2020.

We are pleased that the OIG audit team that performed the SLSDC FY 2020 financial audit provided an unmodified audit opinion – the SLSDC's 57<sup>th</sup> consecutive clean audit opinion dating back to its first financial audit in 1955.

We appreciate the professionalism and cooperation exhibited by the OIG financial audits team during this year's audit, which was made more difficult logistically due to the pandemic emergency and travel restrictions. The combined efforts and teamwork of the OIG and SLSDC staffs were critical to achieving the objectives of the financial audit process.

Please refer any questions to Nancy Scott, Director, Financial Management/CFO.

## Saint Lawrence Seaway Development Corporation ORGANIZATION CHART



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. Not more than three of the members shall belong to the same political party. The Advisory Board must meet at least once every 90 days.

In FY 2020, there are currently three active members on the SLSDC's Advisory Board:

**DAVID J. MCMILLAN**  
CHAIRMAN  
Duluth, Minn.

**WILLIAM J. MIELKE**  
Chairman of the Board, President  
and CEO, Ruekert/Mielke  
Waukesha, Wis.

**ARTHUR H. SULZER ED. D.**  
Captain USN-Ret.  
Arthur H. Sulzer Associates, Inc.  
Glen Mills, Pa.

### *Equal Employment Opportunity*

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

*During fiscal year 2020, EEO initiatives included a Quarterly Professional Development Series throughout the year for corporation supervisors. EEO training was conducted for all corporation employees. In addition, the corporation continued to ensure accessibility of EEO information on the website, along with an annual EEO Assessment of programs and policies.*



Corporation Name Change

Saint Lawrence Seaway Development Corporation (SLSDC)  
May 13, 1954 - December 26, 2020

Great Lakes St. Lawrence Seaway Development Corporation (GLS)  
December 27, 2020 - Present

The 2020 Water Resources Development Act section included in the Consolidated Appropriations Act, 2021 (Section 512 of Division AA of P.L. 116-260), signed into law on December 27, 2020, included language to rename the SLSDC as the “Great Lakes St. Lawrence Seaway Development Corporation” (GLS). The name change was spearheaded in Congress by Ohio members Rep. Marcy Kaptur and Sen. Sherrod Brown to better reflect the regional focus of the Corporation and its role in promoting economic development and commerce. The GLS launched an internal working group in January 2021 to work through the processes and changes needed to effectuate the new corporate name to include a new logo and updated signage for buildings and assets in Massena, N.Y.



Washington, D.C. Office

Administrator . . . . .(202) 366-0091  
Deputy Administrator . . . . .(202) 366-0105  
Executive Officer . . . . .(202) 366-6446  
Congressional and Public Relations . . . . .(202) 366-6114  
Budget and Economic Development . . . . .(202) 366-8982

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

Massena, N.Y. Office

Associate Administrator and Resident Manager . . . . .(315) 764-3251  
Chief Counsel . . . . .(315) 764-3231  
Chief Financial Officer . . . . .(315) 764-3275  
Human Resources . . . . .(315) 764-3279  
Engineering and Maintenance . . . . .(315) 764-3254  
Lock Operations and Marine Services . . . . .(315) 764-3293  
Lock Operations (after hours) . . . . .(315) 764-3292





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

800-785-2779

Email: [GLS@dot.gov](mailto:GLS@dot.gov)

[www.greatlakes-seaway.com](http://www.greatlakes-seaway.com)

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