



GLS

Report FS2022011
November 10, 2021

Independent Auditor's Report on the Great Lakes Saint Lawrence Seaway Development Corporation's Financial Statements for Fiscal Years 2021 and 2020



Independent Auditor's Report on the Great Lakes Saint Lawrence Seaway Development Corporation's Financial Statements for Fiscal Years 2021 and 2020

Required by the Government Corporation Control Act of 1945 and the Chief Financial Officers Act of 1990

Great Lakes Saint Lawrence Seaway Development Corporation | FS2022011 | November 10, 2021

What We Looked At

In accordance with the Government Corporation Control Act of 1945, we audited the financial statements of the Great Lakes Saint Lawrence Seaway Development Corporation (GLS), a U.S. Government Corporation, as of and for the fiscal years ended September 30, 2021, and September 30, 2020.

What We Found

In our opinion, GLS's financial statements present fairly, in all material respects, GLS's financial position as of September 30, 2021, and September 30, 2020, and its 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. We found no material weaknesses in internal control over financial reporting based on the limited procedures we performed. We also found no reportable noncompliance for fiscal year 2021, with provisions of the applicable laws, regulations, and contracts we tested.

Our Recommendations

We are making no recommendations.

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Memorandum

Date: November 10, 2021

Subject: INFORMATION: Independent Auditor's Report on the Great Lakes Saint Lawrence Seaway Development Corporation's Financial Statements for Fiscal Years 2021 and 2020 | Report No. FS2022011

From: Dormayne "Dory" Dillard-Christian *M. Dillard-Christian*
Acting Assistant Inspector General for Financial Audits

To: Administrator, Great Lakes Saint Lawrence Seaway Development Corporation

In our audit of the fiscal years 2021 and 2020 financial statements of the Great Lakes Saint Lawrence Seaway Development Corporation (GLS),¹ a U.S. Government corporation, we found

- that GLS's financial statements as of and for the fiscal years ended September 30, 2021, and September 30, 2020, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses² in internal control over financial reporting based on the limited procedures we performed, and
- no reportable noncompliance for fiscal year 2021, with provisions of the applicable laws, regulations, and contracts we tested.

The following sections discuss in detail (1) our report on the financial statements and other information³ included with the financial statements; (2) our report on

¹ Formerly the Saint Lawrence Seaway Development Corporation. The Consolidated Appropriations Act of 2021 (Pub. L. 116-260), enacted on December 27, 2020, changed the corporation's name to the Great Lakes Saint Lawrence Seaway Development Corporation.

² 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.

³ The other information consists of GLS's Management Discussion and Analysis, which is included in the Agency's Annual Financial Report (see attachment 1).

internal control over financial reporting; (3) our report on compliance with laws, regulations, and contracts; and (4) the Agency's comments (see appendix).

We appreciate the cooperation and assistance of GLS's representatives. If you have any questions, please contact me at (202) 570-6381, or Ingrid Harris, Program Director, at (202) 450-7637.

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

Report on Financial Statements

In accordance with the Government Corporation Control Act of 1945,⁴ we have audited GLS's financial statements. These financial statements comprise the statements of financial position as of September 30, 2021, and September 30, 2020; 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.⁵

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 opinion.

Management's Responsibility

GLS management is responsible for the (1) preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparation and presentation of other information included in documents containing the audited financial statements and auditor's report, and the consistency of that information with the audited financial statements; and (3) maintenance of 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. 21-04, *Audit Requirements for Federal Financial Statements* (April 2021), 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.

⁴ 31 U.S.C. § 9105.

⁵ The financial statements are included in GLS's Annual Financial Report (see attachment 3). For GLS's full Annual Financial Report, which includes these statements, related notes, and required supplementary information, go to <https://www.seaway.dot.gov/publications/annual-reports>.

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, GLS's financial statements present fairly, in all material respects, GLS's financial position as of September 30, 2021, and September 30, 2020, and 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

Required Supplementary Information

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

audit of the basic financial statements. We did not audit and do not express an opinion or provide any assurance on this information.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The Letter from the Deputy Administrator, Key Performance Measures and Results and other information sections, as listed in the Contents of the Annual Financial Report is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Internal Control Over Financial Reporting

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

Management's Responsibility

GLS'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 GLS's financial statements as of and for the fiscal year ended September 30, 2021 in accordance with U.S. generally accepted Government auditing standards, we considered GLS'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 GLS's internal control over financial reporting. Accordingly, we do not express an opinion on GLS's internal control over financial reporting. We are

required to report all deficiencies considered to be significant deficiencies⁶ 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),⁷ 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 this process 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 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 that might be material weaknesses or significant deficiencies. Our consideration was also not designed to express an opinion on the effectiveness of GLS'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.

⁶ 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.

⁷ Pub. L. 97-255. GLS is required to provide an FMFIA assurance statement on its internal accounting and administrative control systems (see attachment 2).

During this audit, we identified deficiencies in GLS's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. However, these deficiencies warrant management's attention and have been communicated to GLS management in a separate letter.

Intended Purpose of Report on Internal Control Over Financial Reporting

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

Report on Compliance With Laws, Regulations, and Contracts

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of laws, regulations, and contracts applicable to GLS that directly effect the determination of material amounts and disclosures in GLS's financial statements. Our responsibility is also to perform certain other limited procedures. Accordingly, we

did not test compliance with all laws, regulations, and contracts applicable to GLS.

Results of 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 2021 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 GLS. 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. Consequently, this report on compliance with laws, regulations, and contracts is not suitable for any other purpose.

Agency Comments and OIG Response

We provided GLS with a draft of our report on November 5, 2021, and received GLS's response dated November 10, 2021, which is included in the appendix to this report.

GLS'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.

Exhibit A. List of Acronyms

DOT	U.S. Department of Transportation
FMFIA	Federal Managers Financial Integrity Act of 1982
GLS	Great Lakes Saint Lawrence Seaway Development Corporation
OIG	Office of Inspector General
OMB	Office of Management and Budget

Exhibit B. Major Contributors to This Report

INGRID HARRIS	PROGRAM DIRECTOR
KEVIN KELLY	PROJECT MANAGER
ANGIE MOULTRIE	SENIOR AUDITOR
ANH PHAM	SENIOR AUDITOR
WAYNE SUMMERS	AUDITOR
IAN ANDERSON	AUDITOR
AMY BERKS	DEPUTY CHIEF COUNSEL
GEORGE ZIPF	SENIOR STATISTICIAN
MAKESI ORMOND	STATISTICIAN
SUSAN NEILL	WRITER-EDITOR

Appendix. Agency Comments




U.S. Department
Of Transportation

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

Memorandum

Subject: Management's Response to the OIG Audit Report
on the GLS's Financial Statements for
Fiscal Year 2021

Date: November 10, 2021

From: 
Craig H. Middlebrook
Deputy Administrator

To: Eric J. Soskin
Inspector General
U.S. Department of Transportation

This memorandum represents the Great Lakes St. Lawrence Seaway Development Corporation's (GLS) official management response to the Office of Inspector General's (OIG) Independent Auditor's Report on Audited Financial Statements for Fiscal Year (FY) 2021, dated November 10, 2021.

We are pleased that the OIG audit team that performed the GLS FY 2021 financial audit provided an unmodified audit opinion – the GLS's 58th 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 GLS staffs were critical to achieving the objectives of the financial audit process.

Please refer any questions to Lisa Healy, Director, Financial Management/CFO.

Attachment 1. Agency Management's Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Authority – The U.S. Great Lakes St. Lawrence Seaway Development Corporation¹ (GLS or Corporation), a wholly-owned government corporation and an operating administration of the U.S. Department of Transportation (USDOT or Department), is responsible for the operations and maintenance of the U.S. portion of the St. Lawrence Seaway between Montreal and Lake Erie. This responsibility includes maintaining and operating the two U.S. Seaway locks located in Massena, N.Y., maintaining the channels and navigational aids in U.S. waters, and performing vessel traffic control operations in areas of the St. Lawrence River and Lake Ontario. In addition, the Corporation performs economic and trade development activities designed to enhance Great Lakes St. Lawrence Seaway System utilization.

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

The GLS 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 and \$35 billion in transportation-related business revenue. The binational waterway also provides approximately \$4 billion in annual transportation cost savings compared to competing rail and highway routes.

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

Core Organizational Values – Service // Leadership // Stewardship // Dependability // Commitment

¹ The Saint Lawrence Seaway Development Corporation was renamed Great Lakes St. Lawrence Seaway Development Corporation (GLS) as part of the 2021 Consolidated Appropriations Act (Section 512 of Division AA of Pub. L. No. 116-260), signed into law on December 27, 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights for Fiscal Year 2021

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

Corporation Financing

Until 1987, the Corporation was a self-sustaining entity and financed its operations and investments in plant and equipment by charging tolls to commercial users of the two U.S. Seaway locks. Toll rates were established jointly with and collected by The St. Lawrence Seaway Authority (now known as the St. Lawrence Seaway Management Corporation or SLSMC), with the U.S. share remitted to the GLS. With the enactment of the Water Resources Development Act of 1986, P.L. 99-662, which created the Harbor Maintenance Trust Fund (HMTF), the GLS became an appropriated federal agency. Although the U.S. portion of Seaway tolls was still collected, the Act required the U.S. Treasury to rebate the U.S. toll collections to users. Subsequent legislation, effective October 1, 1994, waived the billing and collection process of the U.S. tolls. However, the GLS still recognizes the requirement under the 1959 Tariff of Tolls agreement between Canada and need for the U.S. to negotiate Seaway toll levels with the SLSMC.

Selected Financial Indicators * <i>(in thousands of dollars)</i>				
For the Fiscal Years Ended September 30	2021	2020	Change	
			\$	%
Operating Revenues	25,145	26,076	(931)	(4)
Appropriations expended	24,426	25,508	(1,082)	(4)
Other	719	568	151	27
Operating Expenses	22,997	23,103	(106)	0
Personnel services and benefits	15,680	15,486	195	1
Other	7,317	7,617	(300)	(4)
Imputed Financing and Expenses				
Imputed financing	832	850	(19)	(2)
Imputed expenses	832	850	(19)	(2)
Total Assets	232,810	225,205	7,605	3
Time Deposits in Minority Banks	10,200	9,960	240	2
Short-term	9,720	9,720	0	0
Long-term	480	240	240	100
Interest Income from Minority Banks	84	201	(117)	(58)
* Rounding may affect the addition of rows and columns in the table.				

Operating Revenues

Operating revenues, excluding imputed financing, totaled \$25.1 million in Fiscal Year (FY) 2021, a \$931,000 decrease. Appropriations expended, representing the amount of the HMTF expended for operating purposes, decreased \$1.1 million and other revenues increased \$151,000.

Operating Expenses

Overall operating expenses of \$23 million, excluding depreciation, imputed expenses and workers' compensation benefits, decreased by \$106,000. Personnel services and benefits increased \$195,000 and other costs decreased \$300,000. Personnel services and benefits represented 68 percent of the Corporation's operating expenses in FY 2021. The GLS employed 125 people on September 30, 2021.

Other costs of \$7.3 million included: \$5.5 million for other contractual services; \$1.5 million for supplies and materials; \$62,000 for equipment not capitalized; \$159,000 for rent, communications, and utilities; \$78,000 for travel and transportation of persons and things; and \$47,000 for printing and reproduction.

Imputed Financing and Expenses

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

Total Assets

The GLS's financial position continues to remain sound with total assets of \$233 million. Plant, property, and equipment are valued at \$176 million.

Time Deposits in Minority Banks and Interest Income

A key asset of the GLS is time deposits in minority banks, totaling \$10.2 million at year-end, an increase of \$240,000. The interest income is an important financing source for the Corporation.

Unobligated Balance

The GLS had an unobligated balance on September 30, 2021 of \$44.2 million, comprised of \$23.6 million of carryover balances from prior year appropriations, \$17.4 million in financial reserves, and \$3.2 million is unused borrowing authority. The financial reserve is maintained to finance emergency or extraordinary expenditures to ensure safe and uninterrupted use of the St. Lawrence Seaway, a policy affirmed by the USDOT, Office of Management and Budget (OMB), and the U.S. Congress in Appropriations Committee reports. The funds on deposit in minority banks were principally built up from toll income in excess of cash outlays prior to April 1, 1987, when the Corporation was a self-sustaining entity, and are invested in insured deposits consistent with Executive Order 11625 (October 13, 1971).

GLS's Seaway Infrastructure Program (SIP)

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

In FY 2021, the GLS obligated \$10.9 million on contracts for 30 capital projects as part of its SIP, including: \$6.3 million to complete replacement of the concrete diffuser structures at Eisenhower Lock; \$947,000 for concrete restoration at Eisenhower Lock; \$605,000 for concrete restoration at Snell Lock; \$566,000 for maintenance dredging in Snug Harbor and in the intermediate pool between the two U.S. locks; \$445,000 for design and upgrades of the GLS's floating plant; and \$363,000 for the new Eisenhower Lock Visitors' Center design development. Additionally, the GLS obligated and expended \$585,000 in personnel compensation and benefits in FY 2021 for SIP-related staff time.

The completion of SIP projects will extend the life of the U.S. Seaway infrastructure and reduce the risk of system delays to commercial navigation caused by lock equipment malfunction. In addition, several projects involve the implementation of new technologies for the operation of the Seaway infrastructure, resulting in reduced maintenance needs and operating costs to Seaway users.

Details on major FY 2021 SIP projects include:

Tugboat Construction/Buoy Barge Modification Designs – 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 GLS's tugboat *PERFORMANCE*. Glosten, Inc., Seattle, Wash., was awarded a contract to perform the construction inspection services for the new tugboat. Additionally, Robert Allan, Ltd., Vancouver, B.C., was awarded a contract to design modifications for the GLS's buoy barge necessary to facilitate safe operations with the *SEAWAY GUARDIAN* tugboat.

Maintenance Dredging – Arconic Corp., Pittsburgh, Pa., was awarded a contract to perform dredging work near Snug Harbor in the Grasse River to increase critical navigational depths for the *SEAWAY GUARDIAN* tugboat. WSP Global Inc., Buffalo, N.Y., was awarded a contract to perform technical inspection services for the intermediate pool dredging project between Eisenhower and Snell locks.

Snell Lock Concrete Rehabilitation – Patterson-Stevens, Inc., Tonawanda, N.Y., was awarded a contract to complete the demolition and dry-mix shotcrete repairs for the concrete surfaces of the south side intake manifold culvert at Snell Lock during the 2021 winter season.

Eisenhower Lock Concrete Rehabilitation – Patterson-Stevens, Inc., Tonawanda, N.Y., was awarded a contract to complete the demolition and dry-mix shotcrete repairs for the concrete surfaces of the north and south side intake manifold culverts at Eisenhower Lock following the completion of the 2021 navigation season.

Eisenhower Lock Diffusers Rehabilitation – Kubricky Construction Corp., Gansevoort, N.Y., was awarded a contract to replace the concrete diffuser structures at the downstream end of Eisenhower Lock. The first phase of the project included replacing three of the six diffusers following the completion of the 2020 navigation season. The second phase included replacing the remaining three diffusers following the 2021 navigation season. WSP Global Inc., Buffalo, N.Y., was awarded a contract to perform the technical inspection services for the first phase of the project.

Eisenhower Lock Visitors' Center Replacement – Aubertine and Currier, Watertown, N.Y., was awarded a contract to review and finalize the building design and construction documents and provide solicitation support services for the replacement of the existing Eisenhower Lock Visitors' Center building. The new project is scheduled to begin construction following the 2022 winter season.

Operational Initiatives

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

In January 2021, a new report showed the continued effectiveness of the current Great Lakes Seaway ballast water management regime during the 2020 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 GLS, 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 *2020 Summary of Great Lakes Seaway Ballast Water Working Group* examined the U.S.-Canada Great Lakes Seaway System ballast water ship inspection program. During 2020, 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 11th consecutive year.

In total, 10,628 ballast tanks were assessed during 536 inbound ocean vessel transits in 2020. Additionally, BWWG agencies issued a Letter of Retention for 55 vessel transits involving 191 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. There was one vessel found to be in non-compliance with USCG Ballast water regulations in 2020. The BWWG anticipates continued high vessel compliance rates for future navigation seasons.

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

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

Under the Enhanced Seaway Inspection (ESI) program, the GLS 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 GLS 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 GLS 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 GLS 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 GLS's goal of performing inspections of all foreign-flag vessels on their initial Seaway transit each year was achieved during the 2020 navigation season, with 258 inspections or assessments conducted by Corporation personnel. As of September 30, 2021, 100 percent of foreign-flag vessels were either inspected or assessed for compliance during the 2021 navigation season.

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

In FY 2021, the GLS 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 2020 rating period, the GLS 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 GLS/SLSMC scored a 4.1 for Waste Management and Greenhouse Gases and Air Pollutants, and earned a perfect score of 5.0 for Environmental Leadership, Community Impacts, and Spill Prevention.

GLS Participates in Boom Deployment Exercise

The GLS maintains an Emergency Response Plan that enhances the Corporation's ability to respond to any vessel incident on the St. Lawrence River. The GLS works closely with local, tribal, state, and federal agencies to prepare for a quick and safe response to mitigate the impact of an accident or spill on the St. Lawrence Seaway. Annual training and drills are practiced ensuring resources are adequate for an effective response. Most training and drills include the participation of federal, state, and local response agencies and environmental groups. Since 1992, the GLS has participated in and/or hosted 41 annual emergency exercises.

On August 25, 2021, a multi-agency boom deployment exercise was held at the Massena, N.Y. intake. Agencies in attendance included the GLS, USCG, Akwesasne Mohawk Tribal environmental divisions from the U.S. and Canada, Akwesasne Mohawk Tribal Police, New York State Department of Environmental Conservation (NYSDEC), and the USCG Auxiliary.

The exercise utilized GLS and USCG vessels in a joint boom deployment. It coordinated a shut-off of the Massena, N.Y. freshwater intake. Boom was towed by the vessels and anchored to the river bottom. This boom deflection method would allow any hazardous sediment to be deflected away from this essential location. The USCG Auxiliary employed their watercraft as safety vessels, keeping all recreational boats away from the boom. The Akwesasne Mohawk Tribal Police provided a mobile emergency control truck which helped facilitate all communications between agency teams.

Trade and Economic Development Initiatives

GLS Unveils New Trade and Economic Development Strategic Plan

In August 2021, the GLS released a strategic plan specifically targeting its trade and economic development program and activities. Following increases in its enacted appropriations for trade and economic development initiatives, the GLS was directed by Congress to develop a strategic plan, in conjunction with its external stakeholders, for how to effectively use the increased funding.

Following consultation and idea gathering with the U.S. Great Lakes Seaway System stakeholder community, the GLS developed the strategic plan that includes specific initiatives, projects, and cost estimates, with a focus on three core themes with associated goals:

Raising System/Regional Awareness: Promote the Great Lakes St. Lawrence Seaway System domestically and internationally as a safe, efficient, viable, environmentally friendly, and cost-effective transportation route to and from North American markets.

Goals – Support Great Lakes Seaway System stakeholders with promotional and educational opportunities, materials, and tools to increase system and regional awareness; increase the volume of commercial trade through the Great Lakes Seaway System, including the movement of new business/commodities, such as heavy lift/project cargoes and containerized goods; and increase economic development opportunities for job creation and economic growth in the Great Lakes region.

Promoting Great Lakes Cruising: Support promotional efforts of Great Lakes Seaway System ports, tourism agencies, and localities to attract cruise operators and work with Federal, state, and local government agencies to encourage cruising and address any challenges or obstacles.

Goals – Support Great Lakes Seaway System cruise-related stakeholders, to include state and local tourism agencies, with promotional and educational opportunities, materials, and tools to increase system use for cruise owners and operators; increase the number of cruise ships and passengers in the Great Lakes Seaway System; increase awareness of port capabilities to handle cruise ships and local tourism opportunities for passengers; and improve communications between Federal officials and cruise industry representatives related to transit and passenger clearance matters.

Improving Business Intelligence: Commission studies/analyses and provide trade and transportation data and reports to better inform and educate the U.S. Great Lakes Seaway System stakeholder community.

Goals – Increase trade data and analysis products and provide enhanced data deliverables that can be used by Great Lakes Seaway System stakeholders to better inform decision making; complete trade, traffic, and market-related studies and reports that provide timely and useful data and information for the Great Lakes Seaway System stakeholders; increase exposure to key markets and regions via contractor support with vast experience and knowledge of markets/regions.

New GLS Cruise Promotional Display Featured at 2021 Seatrade Cruise Shipping Exhibition

The GLS and several other Great Lakes Seaway System stakeholders participated in the annual Seatrade Cruise Shipping Exhibition, September 27-30, 2021, in Miami, Fla. The goal of attending and exhibiting at the conference was to market and promote the Seaway System to cruise ship owners and operators.

At Seatrade 2021, the GLS expanded its overall footprint and secured a larger booth and unveiled its new cruise promotional display that includes maps, images, and videos highlighting the Great Lakes region for cruising. The larger booth provided additional space for delegates to meet with prospective cruise ship owners, operators, and charterers with the purpose of bringing added cruise inventory into the Great Lakes.

Eight U.S. Ports Earn GLS's Robert J. Lewis Pacesetter Award for Increased International Trade in 2020

In FY 2021, the GLS presented eight U.S. Great Lakes Seaway System ports with its 29th annual Robert J. Lewis Pacesetter Award for registering increases in international cargo tonnage shipped through their ports during the 2020 navigation season compared to 2019. Established in 1992, the GLS has distributed 160 Pacesetter Awards to 16 different U.S. Great Lakes Seaway System ports.

The eight ports earning the Pacesetter Award for 2020 were the Port of Buffalo (N.Y.), Port of Indiana Burns Harbor (Ind.), Conneaut Port Authority (Ohio), Lorain Port and Finance Authority (Ohio), Port Milwaukee (Wis.), Port of Monroe (Mich.), Ogdensburg Bridge and Port Authority (N.Y.), and Toledo-Lucas County Port Authority (Ohio).

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

GLS Collaborates with Great Lakes Cruising Coalition on Integration with Highway H₂O Marketing Brand

In FY 2021, the GLS worked with the U.S.-based members of the Great Lakes Cruise Coalition (GLCC) to formally integrate with the GLS/SLSMC binational Highway H₂O marketing brand. GLCC members include representatives from U.S.-based ports, vessel agencies, and tourism entities interesting in attracting cruise lines into the Great Lakes Seaway System market.

By moving its marketing and promotion efforts under the Highway H₂O brand, the GLCC can now better align its members with an existing brand that markets the Great Lakes Seaway System to users, including cargo owners, vessel lines, and other stakeholders of the system. The move also brings marketing opportunities for cargo and cruising under one organization.

GLS Co-Sponsors Virtual Highway H₂O Conference

The GLS and Canadian SLSMC co-sponsored the 16th Annual Highway H₂O Conference held virtually, November 18-19, 2020. The virtual event focused on expanding and maximizing infrastructure and the view of the system from a shipper's perspective. The conference included presentations from GLS Deputy Administrator Craig Middlebrook, and SLSMC President/CEO Terence Bowles.

The conference remains an important event for Great Lakes St. Lawrence Seaway System stakeholders that utilize Highway H₂O for international trade development. Attendees provided positive feedback that the conference remains an excellent opportunity for professional networking and for understanding current trade dynamics across the Great Lakes Seaway System.

GLS Participates at Breakbulk Americas Conference

The GLS was one of several U.S. Great Lakes Seaway System stakeholders represented at the annual Breakbulk Americas Exhibition and Conference in Houston, Texas, September 28-30, 2021. Conference organizers announced that more than 1,000 attendees gathered in Houston for the three-day event and represented ocean carriers, freight forwarders, ports/terminals, logistics providers, multi-modal transportation entities, export packers, and equipment companies. GLS and Great Lakes/Seaway representatives met with several prospective new customers interested in utilizing the Seaway System for breakbulk commercial trade.

Management Initiatives

SLSDC Renamed Great Lakes St. Lawrence Seaway Development Corporation

The 2020 Water Resources Development Act, signed into law on December 27, 2020, as part of the 2021 Consolidated Appropriations Act (Section 512 of Division AA of P.L. 116-260), included language to rename the U.S. Saint Lawrence Seaway Development Corporation as the Great Lakes St. Lawrence Seaway Development Corporation.

The name change was spearheaded in Congress by Ohio's Representative Marcy Kaptur and Senator Sherrod Brown to better reflect the regional focus of the GLS and its important role in sustaining economic development and commerce. In May 2021, the GLS unveiled its new corporate seal which pays homage to the former SLSDC seal while depicting the Great Lakes and St. Lawrence River.

Three GLS Employees Receive USDOT Secretarial Awards

On November 19, 2020, then-U.S. Secretary of Transportation Elaine L. Chao honored GLS employees at the 53rd Annual Department of Transportation Secretary's Awards Ceremony in Washington, D.C. At the virtual event, the Secretary recognized individuals and teams across DOT who performed their duties in an exemplary manner to meet the Department's strategic goals and accomplish its mission. Three Massena, N.Y.-based GLS employees were recognized at the ceremony by Secretary Chao.

Nate Jarvis, Marine Services Chief Engineer, receive the Department's highest award, the Gold Medal. Mr. Jarvis was honored with this award for his outstanding efforts to ensure the completion and delivery of the GLS's new tugboat, *SEAWAY GUARDIAN*, despite the challenges posed by the global pandemic. 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.

Secretary Chao awarded a Meritorious Achievement Award to Anthony (Tony) Curley, Chief of the Engineering Division, for exhibiting excellence and leadership in the accomplishment of a critical infrastructure project that resulted in the continued safe and reliable operation of the GLS's locks. This is the third highest award bestowed by the Secretary in recognition of exceptionally meritorious service.

Jon-Paul Faucher, Information Technology Specialist, 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. Mr. Faucher received the award for consistent excellence in his management of all GLS IT systems, including GLS operational and mission-critical systems for facility and property security, lock controls, hands-free mooring, vessel tracking, weather conditions, and water levels.

GLS/SLSMC Release Impact Study of Disruptions to Commercial Shipping

In November 2020, the GLS and Canadian SLSMC released a new study measuring the adverse impacts of disruptions and restrictions to commercial navigation on the St. Lawrence Seaway. The study's goal was to determine the economic, environmental, and social impacts of various water-level management scenarios that would, if implemented, require the shortening or interruption of the Seaway's navigation season.

The comprehensive, multifaceted analysis, titled *Economic, Environmental, and Societal Impacts of Restrictions to Commercial Navigation on the St. Lawrence Seaway*, was completed for the U.S. and Canadian Seaway corporations by Martin Associates, Lancaster, Pa., and provides a clear picture of the negative effects of a disruption to the Seaway commercial navigation season.

In response to historic high-water levels on Lake Ontario in 2017 and 2019, the International Joint Commission and its affiliates considered scenarios to increase water outflows to rates beyond those safe for commercial navigation. The study analyzed the impacts of four navigation season interruption scenarios: late opening, early closure, patterning (intermittent interruptions on a week-by-week basis), and an extended midseason closure (two, five, and eight weeks). For each interruption/closure scenario, four sets of impacts were analyzed: economic impacts, transportation cost penalties, environmental and social impacts, and costs to carriers.

Most significantly, the study found that disruptions to the Seaway's commercial navigation season would severely impact both U.S. and Canadian economies and logistic supply chains, cause long-term economic harm to ports, carriers, pilots, stevedores, importers/exports, farmers, and customers in both countries, and result in increased rates for cargoes and raw materials. Additionally, the study predicts permanent lost market share for certain cargoes and permanent cargo diversion that would create increased environmental and societal costs.

The specific impacts ranged, depending on the disruption scenario, from \$9 million to \$208 million in increased costs to carriers, \$555 million to nearly \$2 billion in lost economic activity, \$249 million to \$1.1 billion in lost personal income, \$445 million to nearly \$1.5 billion in lost business revenue, and 5,268 to 22,144 lost jobs.

This study builds upon the datasets and models developed for the *2018 Economic Impacts of Maritime Shipping in the Great Lakes-St. Lawrence Region* study by Martin Associates, which provided a credible and pragmatic assessment of the contributions made by maritime commerce on the Great Lakes-St. Lawrence Seaway to the state, provincial, regional, and national economies. These data and models were then analyzed specifically for the disruption scenarios. Additionally, the Martin Associates study team conducted detailed interviews with more than 25 U.S. and Canadian Seaway stakeholders, including carriers, service providers, port tenants, and companies representing grain, steel, ore, and fertilizer to determine the logistic supply chain characteristics and the potential impacts of the disruption scenarios.

GLS FY 2021 Key Performance Measures and Results

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 2020 navigation season, with 258 vessel inspections or assessments completed by GLS personnel. In 2021, 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 2021 navigation season, through September 30, was 99.7 percent. Final FY 2021 system reliability was 99.6 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 2021 season, through September 30, was 99.83 percent. Final FY 2021 lock-related delays totaled 7 hours, 40 minutes, which produced a 99.89 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 2021 at 17 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 2021 with a year-end balance of \$17.4 million.

Attachment 2. Agency's FMFIA Assurance Statement




U.S. Department
Of Transportation

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

Memorandum

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

Date: October 14, 2021

From: 
Craig H. Middlebrook
Deputy Administrator

To: Dormayne Dillard-Christian
Acting Assistant Inspector General
for Financial Audits

Pursuant to Section 306 of the Chief Financial Officers Act of 1990, the Great Lakes St. Lawrence Seaway Development Corporation (Corporation) is required to provide a statement on internal accounting and administrative control systems consistent with the requirements of the Federal Managers' Financial Integrity Act (FMFIA) of 1982. An evaluation of the system of internal accounting and administrative control of the Corporation in effect during the year ended September 30, 2021, 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, 2021, 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 2021 and prior years.

Attachment 3. Agency's Financial Statements and Notes

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

Assets	2021	2020
Current Assets		
Cash		
Held by U.S. Treasury	\$ 42,840,046	\$ 41,196,740
Held in banks and on hand	3,000	4,365
Short-term time deposits in minority banks (Note 3)	9,720,000	9,720,000
Accounts receivable (Note 4)	166,942	89,795
Due from SIBC (Note 6)	1,646,070	2,720,278
Operating materials and supplies (Note 2)	456,445	463,973
Other current assets (Note 4)	4,129	36,220
Total current assets	<u>54,836,632</u>	<u>54,231,371</u>
Long-Term Investments		
Long-term time deposits in minority banks (Note 3)	<u>480,000</u>	<u>240,000</u>
Plant, Property and Equipment		
Plant in service (Note 5)	288,733,527	284,748,114
Less: Accumulated depreciation	<u>(140,035,402)</u>	<u>(134,369,424)</u>
Net plant in service	148,698,125	150,378,690
Information Software, net	265,443	529,211
Work in progress	<u>26,883,046</u>	<u>18,363,189</u>
	<u>175,846,614</u>	<u>169,271,090</u>
Other Assets		
Lock spare parts (Note 2)	<u>1,646,599</u>	<u>1,462,312</u>
Total assets	<u>\$ 232,809,845</u>	<u>\$ 225,204,773</u>

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

Liabilities and Equity of the U.S. Government	2021	2020
Current Liabilities		
Accounts payable	\$ 3,072,808	\$ 3,211,799
Accrued annual leave (Note 2)	903,777	1,042,408
Accrued payroll costs	800,942	741,707
Other Current Liabilities	<u>3,000</u>	<u>4,365</u>
Total current liabilities	<u>4,780,527</u>	<u>5,000,279</u>
Actuarial Liabilities		
Worker's compensation benefits (Note 2)	<u>5,096,140</u>	<u>4,634,642</u>
Total liabilities	<u>9,876,667</u>	<u>9,634,921</u>
Equity of the U.S. Government		
Invested capital (Note 2)	191,404,097	184,736,868
Cumulative results of operations	29,883,012	28,112,706
Cumulative results of SIBC restricted use fund (Note 6)	<u>1,646,070</u>	<u>2,720,278</u>
	<u>222,933,178</u>	<u>215,569,852</u>
Total liabilities and equity of the U.S. Government	<u>\$ 232,809,845</u>	<u>\$ 225,204,773</u>

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF OPERATIONS AND CHANGES
IN CUMULATIVE RESULTS OF OPERATIONS
For the Years Ended September 30, 2021 and 2020

	2021	2020
Operating Revenues		
Appropriations expended	\$ 24,426,001	\$ 25,508,037
Imputed financing (Note 9)	831,765	850,283
Other (Note 7)	718,818	568,158
Total operating revenues	<u>25,976,584</u>	<u>26,926,478</u>
Operating Expenses (Note 8)		
Locks and marine operations	6,674,772	6,365,069
Maintenance and engineering	7,573,321	8,291,820
General and development	4,821,054	4,031,872
Administrative expenses	3,928,277	4,414,317
Depreciation	6,910,526	6,191,448
Imputed expenses (Note 9)	831,765	850,283
Worker's compensation benefits (Note 2)	461,498	115,230
Total operating expenses	<u>31,201,213</u>	<u>30,260,039</u>
Operating loss	(5,224,629)	(3,333,561)
Other Financing Sources		
Interest on deposits in minority banks	84,409	201,170
Transfer from invested capital for depreciation	6,910,526	6,191,448
Total other financing sources	<u>6,994,935</u>	<u>6,392,618</u>
Operating revenues and other financing sources over (under) operating expenses	1,770,306	3,059,057
Beginning cumulative results of operations	<u>28,112,706</u>	<u>25,053,649</u>
Ending cumulative results of operations	<u>\$ 29,883,012</u>	<u>\$ 28,112,706</u>
SIBC Restricted Use Fund Activity (Note 6)		
Interest earned	4,216	28,458
Allocation of annual surplus	-	(54,042)
Foreign currency exchange	127,723	(21,367)
Total SIBC revenues	<u>131,939</u>	<u>(46,951)</u>
Bridge repairs	<u>1,206,147</u>	<u>220,453</u>
SIBC restricted fund (loss) gain	(1,074,208)	(267,404)
Beginning cumulative results of SIBC restricted use fund	<u>2,720,278</u>	<u>2,987,682</u>
Ending cumulative results of SIBC restricted use fund	<u>\$ 1,646,070</u>	<u>\$ 2,720,278</u>

See Notes to Financial Statements

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Operating revenues and other financing sources over (under) operating expenses	\$ 1,770,306	\$ 3,059,057
Adjustments to reconcile operating revenues and other financing sources over operating expenses to net cash provided by (used in) operating activities:		
Depreciation	6,910,526	6,191,448
Transfer from invested capital for depreciation	(6,910,526)	(6,191,448)
Net (gain) loss on property disposals	(36,849)	31,049
Change in assets and liabilities:		
Accounts receivable	(77,147)	36,991
Operating materials and supplies	7,528	(34,428)
Other current assets	32,091	(29,750)
Other assets	(184,287)	(14,758)
Accounts payable	(138,991)	(481,824)
Accrued liabilities	(79,396)	200,014
Other Current Liabilities	(1,365)	(493)
Actuarial Liabilities (Note 2)	461,498	115,230
Net cash provided (used in) by operating activities	<u>1,753,388</u>	<u>2,881,088</u>
Cash flows from investing activities:		
Proceeds from plant, property and equipment disposals	128,553	70,000
Acquisition of plant, property and equipment	(13,577,755)	(12,491,963)
Net (increase) decrease in time deposits	(240,000)	1,258,000
Net cash used in investing activities	<u>(13,689,202)</u>	<u>(11,163,963)</u>
Cash flows from financing activities:		
Appropriations for plant, property and equipment	<u>13,577,755</u>	<u>12,491,963</u>
Net increase (decrease) in cash	1,641,941	4,209,088
Cash at beginning of year	<u>41,201,105</u>	<u>36,992,017</u>
Cash at end of year	<u>\$ 42,843,046</u>	<u>\$ 41,201,105</u>

See Notes to Financial Statements

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENT OF BUDGETARY RESOURCES AND ACTUAL EXPENSES (NOTE 12)
For the Year Ended September 30, 2021

	----- Budget -----		
	Resources	Obligations	Expenses
Saint Lawrence Seaway Development Corporation Fund	\$ 77,191,697	\$ 32,976,422	\$ 31,201,213
Budget Reconciliation:			
Total expenses			31,201,213
Adjustments			
Add:			
Capital acquisitions			13,577,755
Increase in other assets			184,287
Increase in net plant in service, property disposals			36,849
Deduct:			
Depreciation			(6,910,526)
Imputed expenses			(831,765)
Workers' compensation benefits			(461,498)
Decrease in operating materials and supplies			(7,528)
Less reimbursements:			
Trust funds & Financing Sources Transferred In			(38,003,756)
Revenues from non-federal sources			<u>(931,781)</u>
Accrued expenditures			<u>\$ (2,146,751)</u>

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY OF THE U.S. GOVERNMENT
For the Years Ended September 30, 2021 and 2020

	Invested Capital	Unexpended Appropriations	Cumulative Results of Operations	Cumulative Results of SIBC Restricted Use Fund
Balance, September 30, 2019	\$ 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 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 for depreciation	(6,191,448)	-	6,191,448	-
Capital expenditures	12,491,963	(12,491,963)	-	-
Balance, September 30, 2020	184,736,868	-	28,112,706	2,720,278
Appropriations expended	-	(24,426,001)	24,426,001	-
Fiscal Year 2021 appropriations	-	38,000,000	-	-
Other financing sources	-	3,756	1,634,992	131,939
Operating expenses, excluding depreciation and imputed expenses	-	-	(22,997,424)	(1,206,147)
Depreciation expense	-	-	(6,910,526)	-
Imputed expenses	-	-	(831,765)	-
Workers' compensation actuarial	-	-	(461,498)	-
Transfer from invested capital for depreciation	(6,910,526)	-	6,910,526	-
Capital expenditures	13,577,755	(13,577,755)	-	-
Balance, September 30, 2021	\$ 191,404,097	\$ -	\$ 29,883,012	\$ 1,646,070

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2021 and 2020

Note 1. The Corporation

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

Note 2. Summary of Significant Accounting Policies

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

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

All lock spare parts are included and tracked in Operating Materials and Supplies with no depreciation and continue to be disclosed on the balance sheet under Other Assets. The total cost of lock spare parts at September 30, 2021 was \$1,646,599.

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.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2021 and 2020

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

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

The Corporation funds a program administered by the U.S. Department of Labor to compensate certain employees for death and disability resulting from performance of duty injuries or illnesses as set forth in the Federal Employees Compensation Act (FECA). As provided by FECA, employees and certain dependents are beneficiaries for various periods that can extend to life. The Corporation recognizes current costs of the program on an accrual basis and expenses those costs in the year the benefits are due. Effective with fiscal year (FY) 1994, the actuarial liability of these benefits is recognized and recorded in these financial statements. The liability recorded of \$5,096,140 and \$4,634,642 at September 30, 2021 and 2020, respectively, reflects the actuarial liability as determined by the Department of Labor.

Invested Capital

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

Budget Authority

The Corporation was apportioned authority by the Office of Management and Budget (OMB) to obligate a maximum amount of \$57,044,612 for FY 2021, \$38,000,000 from the HMTF (P.L. 116-260); \$18,394,612 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 \$32,976,422 for FY 2021. The Corporation's unobligated balance at September 30, 2021 totaled \$44.2 million including \$3.2 million unused borrowing authority. For FY 2022, the Corporation is currently operating on a Continuing Resolution based on the FY 2021 level of \$38,000,000. In addition, authority to obligate \$650,000 of non-federal revenues and \$20,000,000 from the Corporation's unobligated balance has been apportioned by OMB for FY 2022.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2021 and 2020

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, 2021 and 2020 are as follows:

	2021	2020
Due from concession contract	\$ 59,797	\$ 31,149
Other	103,174	41,108
Interest on deposits in minority banks	<u>3,971</u>	<u>17,538</u>
	166,942	89,795
Prepaid Contracts – Non-federal	–	29,750
Prepaid Contracts – Federal	<u>4,129</u>	<u>6,470</u>
Total	<u>\$ 171,071</u>	<u>\$ 126,015</u>

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the years ended September 30, 2021 and 2020

Note 5. Plant in Service

Plant in service as of September 30, 2021 and 2020 is as follows:

Plant in Service	Estimated Life (Years)	2021		2020	
		Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Locks and guidewalls	40-100	\$153,197,631	\$ 68,727,747	\$150,636,558	\$ 65,179,077
Permanent operating equipment	5-40	46,848,435	13,523,433	46,313,256	13,034,282
Channels and canals	95	37,759,075	24,323,631	36,870,221	23,916,790
Buildings, grounds, and utilities	50	27,215,345	14,783,394	27,140,572	13,886,992
Roads and bridges	50	13,947,236	12,150,689	13,947,236	11,839,345
Land rights and relocations	95	5,639,064	3,714,647	5,639,064	3,655,444
Navigation aids	10-40	3,259,415	2,811,861	3,333,881	2,857,494
Lands in fee	N/A	867,326	—	867,326	—
Total plant in service		<u>\$288,733,527</u>	<u>\$140,035,402</u>	<u>\$284,748,114</u>	<u>\$134,369,424</u>

The U.S. portion of the St. Lawrence Seaway was built in the 1950s. The GLS's Seaway Infrastructure Program (SIP) addresses the long-term capital asset renewal needs of the U.S. Seaway infrastructure. The start of the GLS's capital infrastructure program in FY 2009 represented the first time in the GLS's history that a comprehensive effort had been undertaken to modernize the Seaway infrastructure, including rehabilitation of and improvements to the U.S.-operated locks, the navigation channels, the Seaway International Bridge, and other Corporation facilities and assets located in Upstate New York. The total amount that has been expended and/or committed (including open obligations) in the infrastructure renewal program through September 30, 2021 amounted to \$190 million.

Plant in Service includes costs of certain features of the South Channel Span of the Seaway International Bridge, which is discussed in Note 6. These features include land rights and relocation costs incurred in removing the old bridges, which were a hindrance to navigation, and in building the superstructure of the South Channel 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 \$1,580,932 at September 30, 2021.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
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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:

	2021	2020
Beginning Balance, 10/1/2020	\$ 2,720,278	\$ 2,987,682
Interest Earned	4,216	28,458
Allocation of Annual Surplus	–	(54,042)
Bridge Repairs/Improvements	(1,206,147)	(220,453)
Foreign Currency Exchange	<u>127,723</u>	<u>(21,367)</u>
Ending Balance, 9/30/2021	\$ 1,646,070	\$ 2,720,278

The ending balance is disclosed as an asset, Due from SIBC, and equity, Cumulative results of SIBC restricted use fund. The activity for FY 2021 and FY 2020 is disclosed on the Statements of Operations and Changes in Cumulative Results of Operations. Bridge Repairs for FY 2021 included \$1,206,147 for Service Job Order 18-01, Replacement Travelers.

The U.S./Canada border closure in March 2020, a result of the global health pandemic, has resulted in significant reductions in paid toll revenues. Due to the border restrictions, paid car and truck traffic on the bridge has dramatically decreased by 80-90 percent of average levels, resulting in significant toll revenue reductions (70 percent). Prior to the border restrictions imposed in 2020, the bridge operated solely on car and truck tolls for day-to-day operational expenses without U.S. or Canadian federal funding. Federal funding from the Canadian Government has kept the bridge open and operational since the start of the cross-border restrictions.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
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Note 7. Other Revenues

Other revenues for the years ended September 30, 2021 and 2020 consist of the following:

	2021	2020
Concession operations	\$ 463,433	\$ 348,172
Miscellaneous	106,100	70,536
Pleasure craft/non-commercial tolls	82,824	51,734
Rental of administration building	46,247	47,811
Rebates	20,214	25,395
Payments for damages to locks, net	—	24,510
Total	<u>\$ 718,818</u>	<u>\$ 568,158</u>

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

Note 8. Operating Expenses by Object Class

Operating expenses by object class for the years ended September 30, 2021 and 2020 are as follows:

	2021	2020
Personnel services and benefits	\$ 15,680,588	\$ 15,485,908
Contractual services	5,462,381	5,536,980
Supplies and materials	1,545,641	1,437,225
Equipment not capitalized	62,273	262,138
Rental, communications, and utilities	158,890	170,580
Travel and transportation	77,767	160,196
Gain/(loss) on property disposals	(36,849)	31,049
Printing and reproduction	46,733	19,002
Subtotal	<u>22,997,424</u>	<u>23,103,078</u>
Depreciation expense	6,910,526	6,191,448
Imputed expenses	831,765	850,283
Workers compensation benefits	461,498	115,230
Total operating expenses	<u>\$ 31,201,213</u>	<u>\$ 30,260,039</u>

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
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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, 2021 and 2020 as follows:

	2021	2020
Federal Employees Retirement System:		
Automatic contributions	\$ 1,692,702	\$ 1,571,919
Matching contributions	374,164	370,233
Social Security	669,436	659,358
Civil Service Retirement System	<u>26,481</u>	<u>46,650</u>
Total	<u>\$ 2,762,783</u>	<u>\$ 2,648,160</u>

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, 2021 and 2020 were \$831,765 and \$850,283, respectively.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
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Note 10. Related Party Transactions

The Corporation receives rental payments for office space at its administration building in Massena, N.Y. For the years ended September 30, 2021 and 2020, revenue totaled \$46,247 and \$45,202 for space provided to the U.S. Coast Guard.

The Corporation leased office space in Washington, D.C. under the terms of an Intra-agency Agreement (IAA) with the Federal Aviation Administration. The FAA lease expired on June 30, 2021. Washington-based staff returned to the U.S. Department of Transportation headquarters building. Costs for the years ended September 30, 2021 and 2020 of \$327,789 and \$522,670, 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 2021 and FY 2020 were as follows:

	2021	2020
U.S. Department of the Interior	\$ 743,080	\$ 746,517
Federal Aviation Administration	341,405	536,874
U.S. Department of Transportation	45,460	—
U.S. Department of Defense	16,988	12,132
U.S. Department of Commerce	11,604	10,099
Federal Occupational Health	3,159	3,150
Maritime Administration	—	7,500
Total	<u>\$ 1,161,696</u>	<u>\$ 1,316,272</u>

Accounts payable and accrued payroll benefits at September 30, 2021 and 2020 include \$1,518,336 and \$1,644,044 respectively, of amounts payable to the U.S. Government.

In FYs 2021 and 2020, the Corporation accrued costs of \$114,490 and \$104,456 respectively, to the Canadian St. Lawrence Seaway Management Corporation for administrative services related to tolls and statistics.

GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
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Note 11. Contingencies and Commitments

As of September 30, 2021, no material claims are pending against the Corporation. In addition to the current liabilities at September 30, 2021 and 2020 there were undelivered orders and contracts amounting to \$7,247,246 and \$12,482,260, respectively. For FY 2021, Federal Undelivered Orders total \$147 and Non-Federal Undelivered Orders were \$7,247,099 with \$0 paid and \$7,247,246 unpaid.

The Corporation leases office space in Washington, D.C. under the terms of an IAA with the U.S. Department of Transportation 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 \$77,191,697 consist of the Corporation's unobligated balance of \$36,885,036 brought forward October 1, 2020, and reimbursements earned of \$38,916,134 and recoveries of prior year's obligations of \$1,390,527.

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