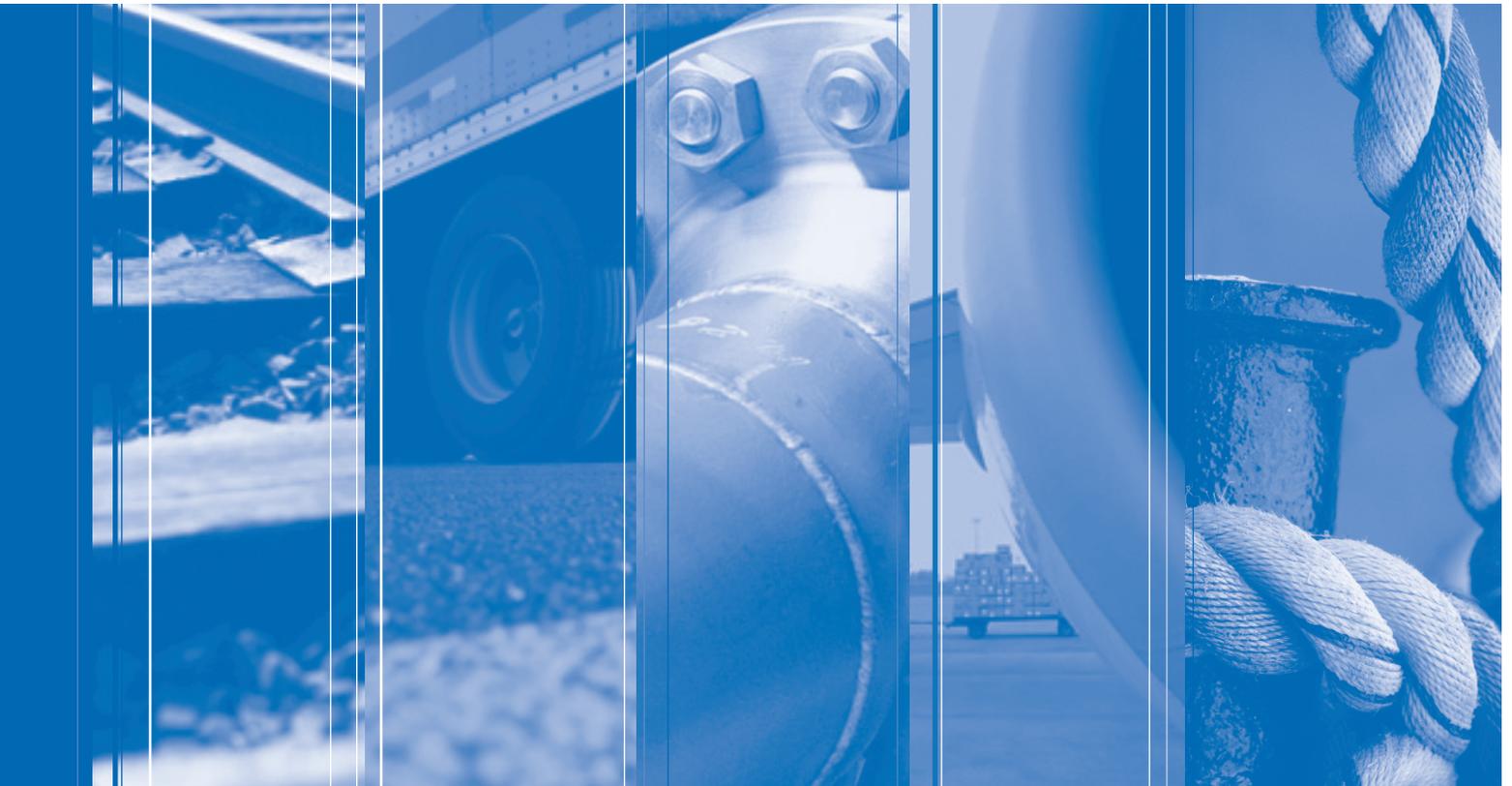


National Transportation Safety Board

Fiscal Year 2009 and 2008

Performance and Accountability Report



**National
Transportation
Safety Board**

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NTSB AT A GLANCE

Established, April 1, 1967

Headquarters

490 L'Enfant Plaza, SW
Washington, DC 20594
www.nts.gov

FY 2009 Budget \$91 million

FTE Employees, 402

Regional Offices, 10

How to use this Report

This Performance and Accountability Report (PAR) for fiscal year (FY) 2009 provides the National Transportation Safety Board (NTSB) financial and performance information, enabling the President, Congress, and the American people to assess the agency's performance as provided by the requirements of the:

- Government Management Reform Act of 1994
- Government Performance and Results Act (GPRA) of 1993
- Chief Financial Officers Act of 1990
- Federal Manager's Financial Integrity Act (FMFIA) of 1982
- Office of Management and Budget (OMB) Circular A-136
- Accountability of Tax Dollars Act of 2002

The assessment of NTSB performance contained in this report compares performance results to the agency's strategic goals and performance goals. The NTSB's Strategic Plan and annual PARs are available on the NTSB's website at <<http://www.ntsbt.gov>>. The NTSB welcomes feedback on the form and content of this report.

This report is organized in the following major components:

1. Letter from the Chairman of the NTSB

The Chairman's letter includes an assessment of the reliability and completeness of the financial and performance information presented in the report and a statement of assurance of the agency's management controls as required by the FMFIA.

2. Management's Discussion and Analysis (MD&A)

This section provides an overview of the financial and performance information contained in the Performance Section, Financial Section, and Appendices. The MD&A includes an overview of the NTSB organization, highlights of the agency's performance goals and results, current status of systems and internal control weaknesses, and other pertinent information, such as the progress being made by the NTSB in the President's Management Agenda (PMA).

3. Performance Section

This section provides the annual performance information as required by OMB Circular A-11 and the GPRA. Included in this section is a detailed discussion and analysis of the agency's performance in FY 2009. Information on key performance measures with past results can be found in the Performance Section.

4. Financial Section

This section contains detail on the NTSB's finances in FY 2009. The OIG Quality Control Report, the Independent Auditor's Report, followed by the NTSB Chief Financial Officer's (CFO) Response to Auditor's Report; the agency's audited financial statements, footnotes, and notes to the financial statements.

Mission Statement

to promote transportation safety by:

- maintaining our congressionally mandated independence and objectivity;
- conducting objective, precise accident investigations and safety studies;
- performing fair and objective airman and mariner certification appeals; and
- advocating and promoting NTSB safety recommendations. And

to assist victims of transportation accidents and their families.

Strategic Goals

Strategic Goal #1 - Accomplish Objective Investigations of Transportation Accidents to Identify Issues and Actions that Improve Transportation Safety

Strategic Goal #2 – Increase our Impact on the Safety of the Transportation System

Strategic Goal #3 – Outstanding Stewardship of Resources

Strategic Goal #4 – Organizational Excellence

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The NTSB's Vital Role in Transportation Safety

Since its creation in 1967, the National Transportation Safety Board (NTSB) has investigated more than 132,000 aviation accidents and thousands of surface transportation accidents. On call 24 hours a day, 365 days a year, NTSB investigators travel throughout the country and to every corner of the world to perform investigations. Thanks to this dedication, the NTSB has become recognized as the world's leading accident investigation agency.

The NTSB also leads U.S. teams assisting in foreign airline accident investigations conducted by foreign authorities under the provisions of International Civil Aviation Organization (ICAO) agreements. In 1996, the Aviation Disaster Family Assistance Act further assigned to the NTSB the responsibility of coordinating federal government resources and other organizations to support the efforts of local and state authorities and the airlines in assisting aviation disaster victims and their families following accidents in which there is a major loss of life. A subsequent Presidential memorandum directed federal agencies to support the NTSB when it assumes the same responsibilities for major surface transportation accidents.

More than 12,900 safety recommendations have been issued to more than 2,500 recipients as a result of NTSB investigations. Since 1990, the NTSB has published a "Most Wanted" list of transportation safety improvements, which highlights safety-critical actions that the Department of Transportation (DOT) modal administrations, the U.S. Coast Guard (USCG), and the states need to take to help prevent accidents and save lives. The NTSB does not have authority to regulate transportation equipment, personnel or operations, or to initiate enforcement action. However, based on its reputation for objectivity and thoroughness, the NTSB has achieved such success in shaping transportation safety improvements that those who are in a position to effect these changes have adopted more than 82 percent of the agency's recommendations. Many safety features currently incorporated into airplanes, automobiles, trains, pipelines, and marine vessels had their genesis in these recommendations.

The NTSB meets its important safety mission through several lines of business that work together to prevent future accidents. These lines of business are:

The Office of Aviation Safety (OAS): The mission of OAS is to accomplish the following:

- Investigate all air carrier, commuter and air taxi accidents, in-flight collisions, fatal and nonfatal general aviation accidents, and certain public-use aircraft accidents.
- Participate in the investigation of major airline crashes in foreign countries that involve U.S. carriers or U.S.-manufactured or -designed equipment to fulfill U.S. obligations under ICAO agreements.
- Conduct investigations of safety issues that extend beyond a single accident to examine specific aviation safety problems from a broader perspective.

OAS conducts investigation activities through six specialty divisions and a regional investigation management structure consisting of 4 regions with 10 regional offices. International aviation coordination is staffed within the immediate office of the Director of OAS.

The Office of Highway Safety (OHS): OHS investigates those accidents that have a significant impact on the public's confidence in highway transportation safety, that generate high public interest and media attention, or highlight national safety issues. The limited OHS staff investigates accidents involving issues with wide-ranging safety significance such as collapses of highway bridge structures, fatalities on public transportation vehicles (such as buses and vans), and collisions at highway/rail grade crossings. In addition to these more catastrophic accident events, OHS also conducts studies based on trends emerging from NTSB accident investigations and from other research and accident data to identify common risks or underlying causes of accidents. As with any NTSB investigation, the goal is to make recommendations aimed at preventing similar accidents in the future. OHS is organized into two primary units, the Investigations Division and the Report Development Division.

The Office of Marine Safety (OMS): OMS investigates major marine accidents on navigable waters of the United States, accidents involving U.S. merchant vessels in international waters, as well as collisions involving U.S. public and nonpublic vessels. In addition, OMS investigates select marine accidents that involve public transportation or those of a recurring nature. The USCG conducts the preliminary investigation of all marine accidents and notifies the NTSB if an accident is a major marine accident using the following criteria:

- Six or more fatalities;
- Loss of a self-propelled vessel of 100 or more gross tons;
- Property damage of more than \$500,000; or
- Serious threat from hazardous materials.

The NTSB will then conduct an independent investigation, participate in a joint NTSB/USCG investigation, or request the USCG to conduct an investigation on behalf of the NTSB. As a result of its investigations, the NTSB issues safety recommendations to the USCG, other federal agencies, shipping companies, and other maritime organizations.

The Office of Railroad, Pipeline and Hazardous Materials Investigations (RPH): RPH consists of the following four divisions:

- Railroad Division
- Pipeline and Hazardous Materials Division
- Human Performance and Survival Factors Division
- Report Development Division

Two investigative divisions are staffed with investigative specialists dedicated to the specific transportation modes of the division. Two other divisions, the Human Performance and Survival Factors Division

and the Report Development Division, provide support across the modal divisions. The office also investigates and evaluates the emergency response to accidents involving railroads, pipelines, and hazardous materials. On the basis of the investigations conducted by this office, the NTSB may issue safety recommendations to federal and state regulatory agencies, industry and safety standards organizations, carriers and pipeline operators, equipment and container manufacturers, producers and shippers of hazardous materials, and emergency response organizations.

The Office of Research and Engineering (RE): RE provides technical support to accident investigations and conducts safety studies that examine safety issues in all modes of transportation. The NTSB's Flight Data Recorder (FDR), Cockpit Voice Recorder (CVR), and Materials Laboratories are located in this office. The office also provides periodic statistical reviews of aviation accidents. Four divisions carry out the work of this office. Additionally, medical and toxicology support for investigations in all transportation modes is staffed in the immediate office of the Director.

Safety Recommendations and Advocacy: The Office of Safety Recommendations and Advocacy includes the divisions of Safety Recommendations, Safety Advocacy, and Transportation Disaster Assistance. The office is responsible for coordinating strategies for implementing the agency's safety recommendations and supporting victims of transportation disasters. The office also supports the NTSB's activities and responsibilities as a member of the International Transportation Safety Association, an organization of independent accident investigation agencies.

As the NTSB's most important product, safety recommendations are vital to the agency's basic accident prevention role. The safety recommendation process is the instrument used to bring about change to, and improvement in, the nation's transportation system. Because timeliness is an essential part of the recommendation process, the Board may issue safety recommendations as soon as a problem is identified without waiting for an accident investigation to be completed or a probable cause determined. Although the NTSB's recommendations are not mandatory, to emphasize their importance, Congress requires the DOT and its agencies to respond to recommendations within 90 days of their issuance.

The NTSB Training Center: The NTSB Training Center is an organizational component of the Office of Management and is responsible for internal staff training, training plans, and workforce development programs. The Training Center provides training opportunities for all NTSB employees and others from the transportation community through a variety of course offerings. This program also provides support for other training initiatives at the NTSB's facility in Ashburn, Virginia. The core curriculum has been and continues to be key investigative courses that focus on competencies important to safety investigations.

A Message from the Chairman

I am pleased to present the Fiscal Year (FY) 2009 Annual Performance and Accountability Report for the National Transportation Safety Board (NTSB). This report details the agency's accomplishments and challenges in upholding our mission to promote transportation safety; it is also an accounting to the American people on our stewardship of the funding we received from them in FY 2009 to fulfill our mission. This report contains the NTSB's financial statements, as required by the Office of Management and Budget (OMB) Circular A-136, a selection of annual performance information, and a report on the NTSB's internal controls, as required by the Federal Managers' Financial Integrity Act (FMFIA).

The NTSB is recognized internationally for its aviation accident investigation expertise. The same tenacity and dedication to excellence are applied to accident investigations in all other modes of transportation. For over 40 years the NTSB has been at the forefront of transportation safety issues—the conscience, if you will, of America's vital transportation network. The NTSB is not only our nation's premier accident investigation agency, but also enjoys an excellent reputation as the most authoritative independent safety investigative body in the world. The NTSB's dedicated staff has worked long and hard over the years to maintain its reputation as being the “best in the safety business.”

The NTSB's FY 2002 financial statements marked the first time in the history of the agency that financial statements had been prepared. Building on this valuable experience and accomplishment, since FY 2003 the NTSB has achieved seven consecutive unqualified (clean) opinions on our audited consolidated financial statements.

Leon Snead & Company, P.C., an independent public accounting firm engaged by the Department of Transportation Office of Inspector General (DOT-IG), has audited the NTSB's FY 2009 consolidated financial statements included in this report and has issued an unqualified (clean) opinion indicating that our statements present fairly the financial position of the NTSB. This is the best possible audit result and affirms our commitment to financial reporting excellence.

Along with this opinion, I am pleased to report on the NTSB's compliance with the FMFIA and revised OMB Circular A-123, “Management's Responsibility for Internal Control” for September 30, 2009. The FMFIA requires the NTSB to annually evaluate its management controls and identify any material weaknesses. This requirement covers all of the agency's programs and administrative functions. As we work to serve the American people, we must administer our programs as efficiently and economically as possible. To do this, we rely on our system of management controls to provide reasonable assurance that our financial activities comply with applicable laws, our items of value are safeguarded, and our operations are accounted for properly.

As of September 30, 2009, there is no new material weakness to report.

In addition, the NTSB continues to address recommendations provided by the Government Accountability Office (GAO). GAO concluded that the NTSB has made progress in following leading management practices in the eight areas in which GAO made prior recommendations.

The selected performance goals contained in this report summarize our success in achieving the performance goals we established for FY 2009. The NTSB continues to aggressively improve our performance planning practices to ensure that, in the future, our goals are results driven and oriented toward achieving desired outcomes.

Just as the NTSB is the world's premier accident investigation agency, it is our vision that we become a premier financial management agency in the federal government. The submission of our Performance and Accountability Report is another step toward that vision.

Sincerely,

/s/

Deborah A.P. Hersman
Chairman

A Message from the Chief Financial Officer

In fiscal year (FY) 2009, the National Transportation Safety Board (NTSB) continued its efforts toward organizational excellence, which is defined by results. Progress for much of our efforts toward excellence is captured in the NTSB FY 2009 and 2008 Performance and Accountability Report. The report provides the NTSB's most important financial and performance information. It is also our principal publication and report to Congress and the American people on our program leadership and our stewardship and management of the public funds entrusted to us.

I am pleased to report that for the seventh consecutive year we have received an unqualified (clean) opinion on the NTSB consolidated financial statements for FY 2009 and 2008 from our independent auditors. This is the best possible audit result and affirms our commitment to financial reporting excellence.

With the attainment of the independent auditor's unqualified financial statement opinion, the Office of the Chief Financial Officer is committed to moving forward vigorously during FY 2010 to continue improving our internal control processes and fulfill our financial management improvement goals.

These financial statements fairly present the NTSB financial position and were prepared in accordance with generally accepted accounting principles in the United States of America and the Office of Management and Budget.

Steven E. Goldberg

November 1, 2009

Management's Discussion & Analysis

Overview

Since its creation in 1967 as an independent accident investigation agency within the newly created U.S. Department of Transportation (DOT), the NTSB's mission has been to determine the probable cause of transportation accidents and to formulate safety recommendations to improve transportation safety. The NTSB's authority currently extends to the following:

- All U.S. civil aviation accidents and certain public-use aircraft accidents;
- Selected highway accidents;
- Railroad accidents involving passenger trains or selected freight train accidents that result in fatalities or significant property damage;
- Major marine accidents and any marine accident involving both a public and a nonpublic vessel;
- Pipeline accidents involving fatalities, substantial property damage, or significant environmental damage;
- Selected accidents resulting in the release of hazardous materials in any mode of transportation; and
- Selected transportation accidents that involve problems of a recurring nature or that are catastrophic.

In 1974, Congress passed the Independent Safety Board Act, which severed the NTSB's ties to the DOT and authorized the agency to do the following:

- Evaluate the effectiveness of government agencies involved in transportation safety;
- Evaluate the safeguards used in the transportation of hazardous materials;
- Evaluate the effectiveness of emergency responses to hazardous material accidents;
- Conduct special studies on safety problems;
- Maintain official U.S. census of aviation accidents;
- Review appeals from airmen, mechanics, and repairmen who have been assessed civil penalties by the Federal Aviation Administration (FAA); and
- Review appeals from airmen and merchant seamen whose certificates have been revoked or suspended.

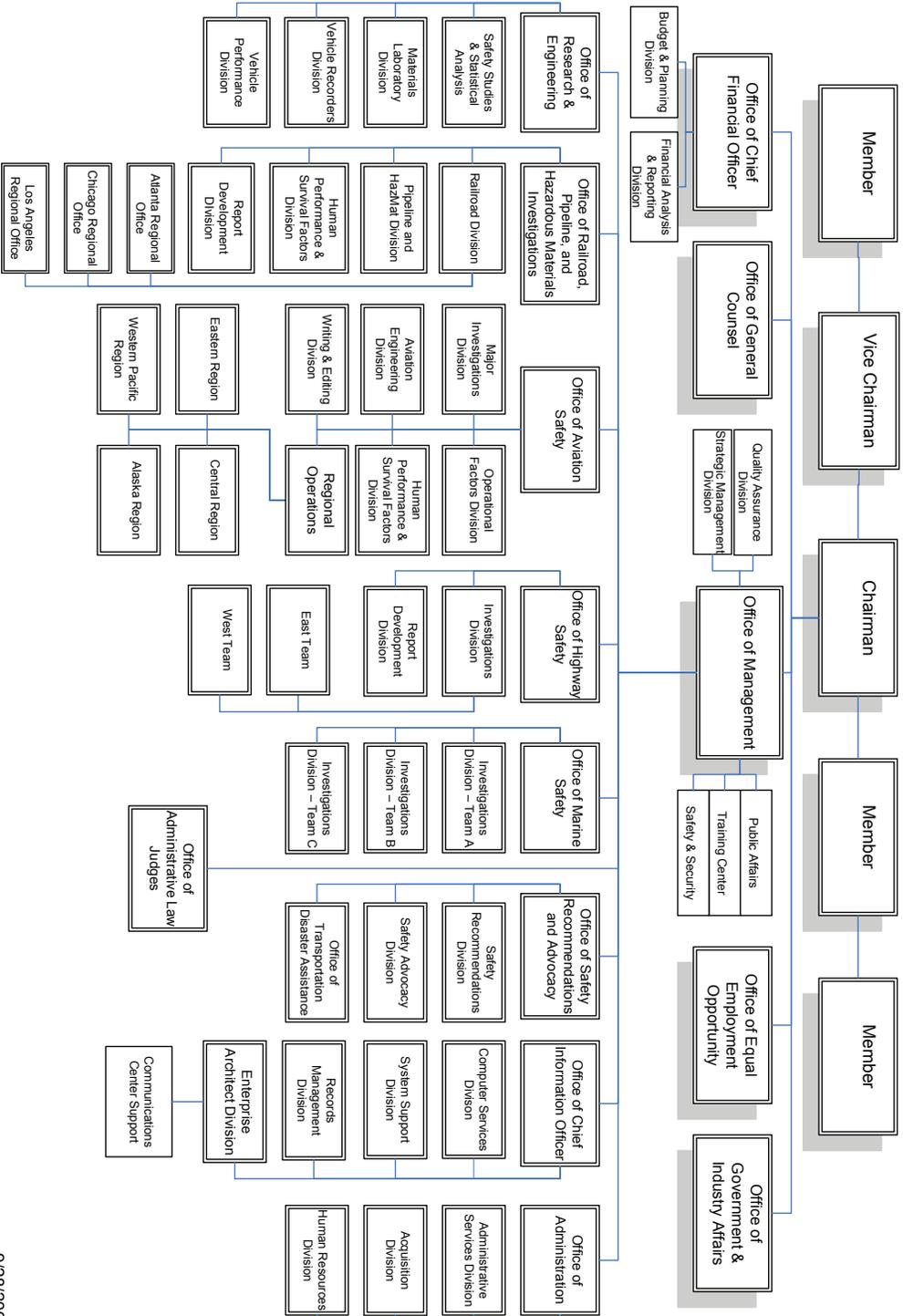
History and Structure of the NTSB

The NTSB opened its doors on April 1, 1967, initially relying on the DOT for funding and administrative support. Although its charter is the Independent Safety Board Act of 1974, the origins of the NTSB can be found in the Air Commerce Act of 1926, in which Congress charged the Commerce Department with investigating the causes of aircraft accidents. The rules of the NTSB are located in Chapter VIII, Title 49 of the *Code of Federal Regulations* (CFR).

The five-member Board is composed of appointees nominated by the President and confirmed by the Senate. A Chairman (who is designated by the President and subject to a separate Senate confirmation) serves as the chief executive officer of the NTSB. The President also designates one of the Members as Vice Chairman.

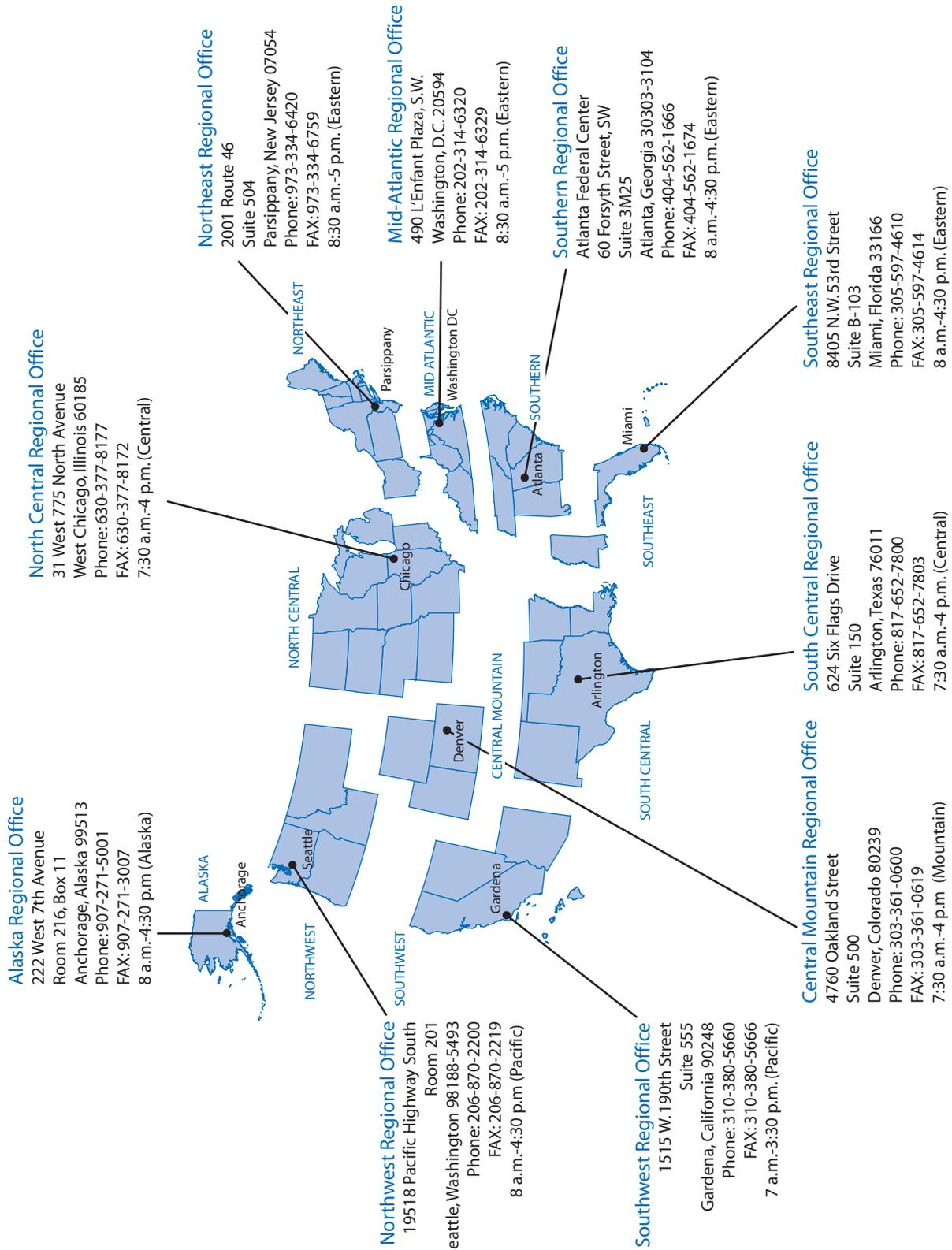
The NTSB's headquarters office is located in Washington, D.C. The NTSB also has regional offices located in Ashburn, Virginia; Atlanta, Georgia; Miami, Florida; West Chicago, Illinois; Arlington, Texas; Denver, Colorado; Anchorage, Alaska; Seattle, Washington; and Gardena, California. The Office of Aviation Safety has organized staff assigned to offices in the 48 contiguous states and Hawaii among three mega-regional offices in order to better utilize resources in responding to investigations.

National Transportation Safety Board



9/28/2009

The Board consists of five Members appointed by the President with the advice and consent of the Senate. The President appoints the Chairman and Vice Chairman for 2-year terms. The Chairman is additionally confirmed by the Senate, and serves as the agency chief executive and administrative officer. The Board Members, in conjunction with the Chairman, establish policies on transportation safety issues; review and approve major accident reports, safety studies, and safety recommendations; and decide appeals of NTSB Administrative Law Judge initial decisions regarding Federal Aviation Administration and Coast Guard certificate actions. They also preside over accident or other transportation safety hearings, testify before Congressional committees, and participate in go-teams on major investigations.



Independence

The NTSB's status as an independent government agency makes it different from other stakeholders in the transportation industry. Transportation companies are motivated by financial gain and many are ultimately accountable to their shareholders. Other government agencies, for example, the FAA, the Federal Railroad Administration, the Federal Highway Administration, and the U.S. Coast Guard, have an official role in establishing and enforcing industry regulations. The NTSB has no such interests or obligations. Our most important stakeholder is the traveling public, and we are concerned with one thing, *promoting transportation safety for the traveling public*.

Investigations

NTSB staff takes an unbiased approach to each accident that the agency investigates. Local authorities, industry representatives, and other agencies are frequently called upon to participate as parties to the NTSB's investigations. Our only objective is to determine the probable cause of the accident and to extract lessons learned that will prevent similar accidents in the future. The NTSB's reputation as an honest broker is an important reason why state and local governments, federal agencies, and even foreign countries welcome and encourage the NTSB to lead important accident investigations.

Actions to correct deficiencies that contribute to accidents are often identified early in the investigative process. The NTSB strongly supports and encourages voluntary efforts to effect safety changes and works with parties to implement such changes. In other situations, the NTSB invokes a more formal process of issuing safety recommendations, which ask government agencies, parties to the investigation, or other entities to take action to improve safety. Some of these recommendations are made during the accident investigation. In other cases, the NTSB makes safety recommendations at the conclusion of the investigative process and incorporates them into the official accident reports.

Performance Section

Organizational Assessment and Strategic Objectives

The NTSB's mission is to promote transportation safety by maintaining its congressionally mandated independence and objectivity, conducting objective accident investigations and safety studies, performing fair and objective airmen and mariners certification appeals, advocating and promoting safety recommendations, and assisting victims of transportation accidents and their families.

To support the NTSB's mission and to adhere to requirements in the Government Performance and Results Act of 1993, the NTSB developed and published its strategic plan¹ in early 2007. The strategic plan supports the agency's mission by specifying four strategic goals to which all NTSB activities are aligned and individual office contributions are made. These strategic goals are the following:

- Strategic Goal 1—Accomplish objective investigations of transportation accidents to identify issues and actions that improve transportation safety,

1 To see the NTSB Strategic Plan (2007-2012), go to: <http://www.ntsb.gov/Abt_NTSB/Strategic-Plan_2007-2012.pdf>.

- Strategic Goal 2—Increase our impact on the safety of the transportation system,
- Strategic Goal 3—Outstanding stewardship of resources, and
- Strategic Goal 4—Organizational excellence.

In 2007, the NTSB, as part of its strategic plan development and implementation, cascaded these goals into more specific strategic objectives that can be aligned with specific office outputs. The NTSB's strategic objectives have specific outcomes that investigative and noninvestigative components of the agency can work toward to implement the four strategic goals. These strategic objectives are translated into specific strategies that are accomplished by the regular activities of the NTSB's staff. The following table lists the NTSB Strategic Goals and Objectives.

Table 1. Strategic Goals and Objectives

NTSB Strategic Goals and Objectives
Goal 1: Accomplish objective investigations of transportation accidents to identify issues and actions that improve transportation safety
Objective 1.1: Make judicious selection of accidents to investigate in each transportation mode
Objective 1.2: Maintain a competent and effective investigative workforce
Objective 1.3: Appropriately scale the investigative response to accidents
Objective 1.4: Develop and maintain state-of-the-art investigative, analytic, and scientific tools for accident investigation
Objective 1.5: Constructively affect the transportation industry
Goal 2: Increase our impact on the safety of the transportation system
Objective 2.1: Mission work with Congress
Objective 2.2: Outreach
Objective 2.3: List of emerging safety issues
Objective 2.4: Advocacy
Goal 3: Outstanding stewardship of resources
Objective 3.1: Project planning
Objective 3.2: Understand and control costs
Objective 3.3: Deploy new information technology
Objective 3.4: Manage Training Center utilization
Goal 4: Organizational Excellence
Objective 4.1: Long range planning
Objective 4.2: Align and improve the NTSB management team
Objective 4.3: Enhance strategic human capital planning
Objective 4.4: Enhance agency communications

Strategic Goal 1 reflects the core mission of the NTSB. The objectives for Goal 1 are to influence the outcomes of effective and efficient accident investigations, develop quality recommendations to remedy safety deficiencies, and prepare the transportation industry to better address safety issues. Although the respective performance measures of all NTSB offices can influence Strategic Goal 1, particular emphasis is placed on the modal investigative offices to ensure that this goal and its strategic objectives are met.

Because the NTSB's mission is to promote transportation safety, **Strategic Goal 2**, which impacts the safety of the entire transportation system, cascades into strategic objectives that have a strong emphasis on outreach and advocacy. Leveraging its unique position in the safety industry, the NTSB believes it is necessary to provide leadership to outside stakeholders to ensure that emerging safety issues are being addressed and that political leadership is aware of public policy implications. In implementing the objectives of Strategic Goal 2, the NTSB keeps Congress informed and involved in the agency's mission and promotes agreement by industry stakeholders on the most pressing safety issues in the transportation industry.

With limited funding and a little more than 400 employees, the NTSB understands, as a small independent agency, that its stewardship of resources needs to be outstanding. Therefore, implementing the objectives of **Strategic Goal 3** ensures that the agency's limited dollars are used in the most efficient manner. These strategic objectives foster using project planning for all major efforts and promoting the timely output of major work products. The NTSB plans to increase its use of project management in all facets of its operations. In addition, the resulting increased effectiveness will increase the profitability of the NTSB Training Center.

The first three strategic goals are encompassed in **Strategic Goal 4**, which captures the essence of the organization—namely, excellence. Because most of the NTSB's expenses are for employee salaries and benefits, human capital is the agency's number one asset. This asset requires a long-term plan to ensure its success and viability. The objectives for Strategic Goal 4 promote the outcomes of maintaining an enhanced strategic plan, encouraging teamwork, and maintaining effective internal and external communications.

Strategic Planning Relationship

A key component of the NTSB's strategic framework is to ensure that various planning processes relate to each other in a constructive way and contribute logically to the four strategic goals that drive the NTSB's mission. The strategic plan serves as the overall guiding document that all other agency planning reports and processes must follow. Consequently, other reports that cascade from the NTSB Strategic Plan include the performance and accountability report, the office operating plans, and the individual performance plans of executives, managers, and staff.

The final component of the planning process is ensuring that NTSB Strategic Goals and Objectives are incorporated in the goals and objectives of its key managers and staff members. The agency's performance-based management culture has made huge advances during FY 2009. Fiscal year 2010

is expected to be an even better performance year, as the operating plan performance measures are more fully integrated into individual performance plans. Figure 1 illustrates how the responsibility for achieving performance measures occurs at both an office and an individual level. By integrating agency performance measures into the personal objectives of its managers, the NTSB ensures that the effort of each manager is oriented toward achieving the agency's goals and objectives, which is the hallmark of a results-oriented culture. The left side of the diagram shows how the NTSB Office of Management has overall responsibility for tracking the outcome-based performance measures. The right side of the diagram shows that, depending upon the grade level of the agency employee, various types of performance measures are integrated into individual performance plans.

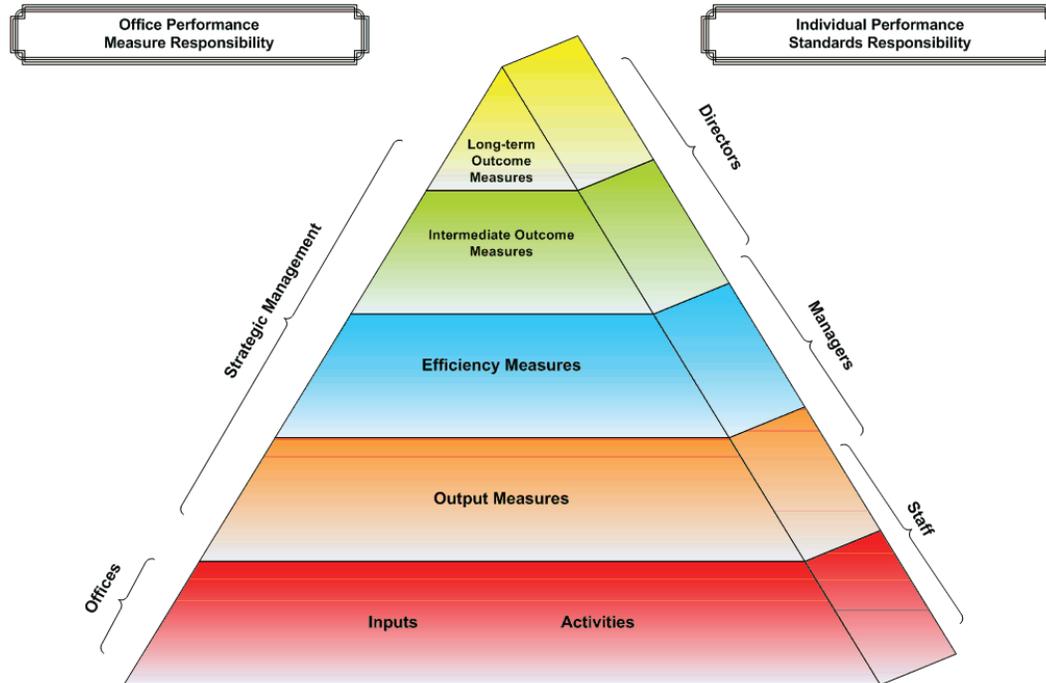


Figure 1. Responsibility for Achieving Performance Measures.

Strategic Planning Process

During FY 2009, the NTSB continued its strategic planning process by developing and publishing the operating plans for the current fiscal year, which is the fourth year that the plans have been developed. Each 2009 operating plan indicated the individual office strategies and performance measures, as well as associated target levels. These operating plans (including performance measures and target levels) were closely monitored during the fiscal year to ensure their successful completion and to evaluate their contribution to the strategic goals, as well as to determine whether the target

levels should be included or modified for the fiscal year 2010 operating plans. In most cases, the target levels were determined to be reasonable while, in other cases, the target levels were increased to reflect continuous improvement. Minor adjustments continue to be made to ensure the proper linkage to one or more of the strategic objectives. The performance measures for 2010 were developed and included in the fiscal year 2010 operating plans during September 2009

Operating Plan Evaluation

As indicated above, each NTSB office operating plan describes specific strategies and means to achieve a performance objective and specifically articulates how a performance objective contributes to an agency strategic goal (called the “relationship to the strategic goal”). The plans specify a target level, which is the qualitative or quantitative metric(s) to be tracked. These target levels, which come in a variety of forms, are intended to be difficult but achievable. In some cases, achieving a target is a matter of completing an appropriate deliverable or completing a substantial internal activity. In other cases, achieving a target may involve reaching a percentage or numerical threshold of some degree. For FY 2009, performance measures and associated target levels were monitored, evaluated, and assigned a corresponding color code on a quarterly basis based on the degree of progress toward completion. This evaluation method is shown in figure 2.

Color Coding Assessment		Minimal Progress
		Progress Being Made
		Target Achieved
		Too early to assess
		Need for re-assessment

Figure 2. Color-coding Legend for Evaluating Performance Measure Progress.

Strategic Goal Achievement Analysis

The following is a discussion of each strategic goal and associated key performance measures for 2009.

Strategic Goal 1—Accomplish Objective Investigations of Transportation Accidents to Identify Issues and Actions that Improve Transportation Safety

This strategic goal focuses on the NTSB’s key challenge to identify those accidents in each transportation mode that represent the most important targets of investigative opportunity and improvements to safety and determine the appropriate scope and scale of such investigations. Because the performance measures for Strategic Goal 1 reflect the core mission of the agency, the NTSB places special emphasis on these measures to ensure the best allocation of resources to achieve results in this goal category.

Primarily, the measures pertained to the levels of investigative activity and the consistency of the report production process. With these measures in place and their respective evaluation to ensure achievement, the NTSB met its legislative mission to accomplish objective accident investigations that improve the safety of the transportation industry.

Strategic Goal 2 – Increase our Impact on the Safety of the Transportation System

This strategic goal emphasizes the need for the NTSB to identify possible areas of future risk before such risks lead to a series of accidents, while actively working with Congress, other government agencies, and industry groups to bring about a safer transportation system. The target levels for Strategic Goal 2 primarily pertain to the NTSB's participation in outreach activities to promote safety and identification of emerging safety issues. NTSB staff with extensive experience in a wide array of investigative topics participated in industry committees and symposia on a regular basis. By combining industry outreach with experience from ongoing investigations, staff capably identified emerging safety issues in aviation, highway, rail, pipeline, and the marine industries. NTSB management tracked the volume of staff interaction with industry, ensured that the emerging issues were analyzed, and that their implications for industry were clearly understood. On an ongoing basis, the NTSB evaluates various methods to share knowledge about emerging issues with industry stakeholders. Additionally, using this knowledge, the NTSB can ensure that appropriate training and additional staff resources are available for future investigations and that the agency can continue to meet its mandate to improve safety in the transportation industry.

Strategic Goal 3 – Outstanding Stewardship of Resources

This strategic goal focuses on the NTSB's challenge to efficiently use resources in a responsible and results-oriented manner while ensuring that the agency is able to fulfill its mission. As the agency faces continuing challenges in meeting its mission in an environment of scarce government resources, it will emphasize clear office target levels in this area to ensure that promoting safety in the transportation industry remains the highest priority while maintaining outstanding stewardship of resources. Because the NTSB is committed to ensuring that the stewardship of resources—including the use of best practices in project planning, controlling costs, and deploying cost effective technology—is accomplished throughout the agency, the operating plans for all 12 NTSB offices included performance measures for Strategic Goal 3.

Strategic Goal 4 – Organizational Excellence

This strategic goal emphasizes the NTSB's challenge to devote time and resources to thinking strategically and to developing staff, while maintaining the primary commitment to investigating transportation accidents. The keystone objective for this strategic goal was to ensure that all offices develop a culture of planning in their structure and that planning takes a long-term perspective. In addition, although the agency strategic plan only needs to be updated every 3 years, its connection to day-to-day operations (as

managed in the operating plans) makes the office operating plan a cornerstone of NTSB management. To that end, each office updates its operating plan on a yearly basis, and these plans are monitored over the course of a year; at the end of the year, the target levels are enhanced as appropriate. A second objective in this goal category was to improve the management team, and several offices implemented initiatives to achieve that objective.

Operating Plan Overall Assessment

Overall, the NTSB is pleased with the agency's performance during FY 2009. Through September 2009, the NTSB monitored and evaluated the performance measures from the operating plans and ensured that resources were allocated to maximize the chance of achievement. Most of the targets had been achieved by year end and were designated green in the color-coding scheme.

By having offices focus on results-oriented performance measures, management attention was constantly directed toward important agency activities, and this attention improved agency operations. In addition, these improvements directly influenced the NTSB's strategic objectives—the primary intent of the strategic plan—which, in turn, contributes to achieving the four strategic goals on an ongoing basis. Furthermore, by inserting the operating plan measures into individual performance plans, the NTSB continued the process of promoting accountability for achieving agency goals at an individual level. The NTSB is optimistic that its results-oriented culture will continue to evolve and promote better governance in the future, thereby improving transportation safety, which is the agency's overall mission.

Future Performance Challenges

Despite the significant improvement that has been made in the safety of our national transportation system, much work remains to be done. Our objective is to identify actions to improve the safety of the system and thereby reduce the transportation fatality rate. With this in objective in mind, below are challenges the agency faces in our efforts to achieve the strategic goals we have set:

Strategic Goal #1 – Accomplish Objective Investigations of Transportation Accidents to Identify Issues and Actions that Improve Transportation Safety

The Challenge

The cost of transportation accidents to society is unacceptable, and growth in transportation activity in the United States will exacerbate the problem. Accompanying this growth are enormous increases in the system's complexity, which must be countered with techniques and methods of accident investigation that are equally sophisticated.

A key challenge for the NTSB is to identify those accidents in each transportation mode that represent the most important targets of investigative opportunity and to determine the appropriate scope and scale of such investigations. This selection process must balance the significance of the safety issues involved in these accidents against the limited investigative resources available to the NTSB and the depth of the investigation required to develop the safety issues.

Strategic Goal # 2 – Increase our Impact on the Safety of the Transportation System

The Challenge

The nation's level of transportation activity, which has a high correlation to its level of economic activity, continues to increase. As our skies, highways, waterways, and rails become more congested, the potential for transportation accidents increases. Some accidents will be due to causes that are well known to us, and others will be due to new issues that have yet to be identified. Where appropriate, the NTSB makes recommendations to Federal Government regulators and industry regarding changes in manufacture, training, and procedure that will reduce the likelihood of future accidents due to known hazards. The NTSB's challenge is to identify possible areas of future risk before such risks lead to a series of accidents.

Strategic Goal #3 – Outstanding Stewardship of Resources

The Challenge

Every agency of the U.S. Government has a duty to ensure that the resources appropriated to it by Congress are expended in an efficient, responsible, and results-oriented manner. At the NTSB, the scope of our responsibility is broad and our team of dedicated employees is relatively small.

We have been using resources efficiently—doing more with less—and we are taking steps to ensure that we continue to make the most of our staff, budget, information technology, and other resources.

Strategic Goal #4 – Organizational Excellence

The Challenge

The NTSB has earned a reputation for thorough and independent investigation of transportation accidents. To maintain that reputation, we commit to the continuing development of our managerial, leadership, and workforce skills to levels that equal the quality of the accident investigations for which we are well known. This initiative includes the entire NTSB organization—investigative offices, business operations, and technical services.

The nature of our mission demands that we be excellent tacticians. Our agency has developed strong capabilities in evaluating transportation accidents, responding to high-priority accident scenes, and launching an investigative process that will result in robust, fact-based recommendations.

The challenge for our agency is to devote time and resources to thinking strategically and to developing our staff. To reach higher levels of achievement, we must do all of these things while maintaining our primary commitment to investigating transportation accidents.



**U.S. Department of
Transportation**
Office of the Secretary
of Transportation

Office of Inspector General
Washington, DC 20590

November 10, 2009

The Honorable Deborah A. P. Hersman
Chairman
National Transportation Safety Board
490 L'Enfant Plaza SW
Washington, D.C. 20594

Dear Chairman Hersman:

The audit of the National Transportation Safety Board's (NTSB) Financial Statements as of and for the fiscal years (FYs) ended September 30, 2009, and September 30, 2008, was completed by Leon Snead & Company, P.C., of Rockville, Maryland (see Enclosure). We performed a quality control review of the audit work to ensure that it complied with applicable standards. These standards include the Chief Financial Officers Act; Accountability of Tax Dollars Act of 2002; Generally Accepted Government Auditing Standards; and Office of Management and Budget Bulletin 07-04, "Audit Requirements for Federal Financial Statements," as amended.

Leon Snead & Company concluded that the financial statements present fairly, in all material respects, the financial position, net cost, changes in net position, and budgetary resources of the NTSB as of and for the years ended September 30, 2009, and September 30, 2008, in conformity with accounting principles generally accepted in the United States. Leon Snead & Company reported one internal control significant deficiency and no instances of noncompliance with significant laws and regulations.

Significant Deficiency

1. NTSB Has Not Yet Implemented a Managerial Cost Accounting System

Report Number QC-2010-009

Leon Snead & Company first reported NTSB's lack of a cost accounting system as a significant deficiency in FY 2007. NTSB has obtained the funding to implement a cost accounting system during FY 2010; therefore, Leon Snead & Company did not make any further recommendations in its FY 2009 report.

Our quality control review disclosed no instances in which Leon Snead & Company did not comply with applicable auditing standards. Therefore, we are not making any additional recommendations, and a response to this report is not required.

We appreciate the cooperation and assistance of representatives of NTSB and Leon Snead & Company, P.C. If we can answer any questions or be of any further assistance, please call me at (202) 366-1407 or Earl Hedges, Program Director, at (410) 962-1729.

Sincerely,



Rebecca C. Leng
Assistant Inspector General for Financial and
Information Technology Audits

Enclosure



LEON SNEAD
& COMPANY, P.C.

Certified Public Accountants
& Management Consultants

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Rockville, Maryland 20850
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leonsnead.companypc@erols.com

Inspector General, U.S. Department of Transportation
Chairman, National Transportation Safety Board

Independent Auditor's Report

We have audited the balance sheets of the National Transportation Safety Board (NTSB) as of September 30, 2009 and 2008, and the related statements of net cost, changes in net position, and budgetary resources (the financial statements) for the years then ended. The objective of our audits was to express an opinion on the fair presentation of those financial statements. In connection with our audit, we also considered the NTSB's internal control over financial reporting, and tested the NTSB's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on its financial statements.

SUMMARY

As stated in our opinion on the financial statements, we found that the NTSB's financial statements as of and for the years ended September 30, 2009 and 2008, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Our consideration of internal control would not necessarily disclose all deficiencies in internal control over financial reporting that might be material weaknesses under standards issued by the American Institute of Certified Public Accountants. Our testing of internal control identified no material weaknesses in financial reporting. However, we did identify one matter dealing with the lack of a cost accounting system that we consider a significant deficiency.

The results of our tests of compliance with certain provisions of laws and regulations disclosed no instance of noncompliance that is required to be reported herein under *Government Auditing Standards*, issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 07-04 (as amended), *Audit Requirements for Federal Financial Statements*.

The following sections discuss in more detail our opinion on the NTSB's financial statements, our consideration of the NTSB's internal control over financial reporting, our tests of the NTSB's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying balance sheets of the NTSB as of September 30, 2009 and 2008, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position, net cost, changes in net position, and budgetary resources of the NTSB, as of and for the years ended September 30, 2009 and 2008, in conformity with accounting principles generally accepted in the United States of America.

The information in the Management's Discussion and Analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America or OMB Circular A-136, *Financial Reporting Requirements*. We have applied certain limited procedures, which consisted principally of inquiries of NTSB management regarding the methods of measurement and presentation of the supplementary information and analysis of the information for consistency with the financial statements. However, we did not audit the information and express no opinion on it. The Performance and Accountability Report, except for the Management's Discussion and Analysis, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the NTSB as of and for the years ended September 30, 2009 and 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the NTSB's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NTSB's internal control. Accordingly, we do not express an opinion on the effectiveness of the NTSB's internal control.

Because of inherent limitations in internal controls, including the possibility of management override of controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies,

that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph in this section of the report, and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency. In addition, we noted other matters reported to the management of the NTSB and those charged with governance in a separate letter dated November 6, 2009.

1. NTSB Has Not Yet Implemented a Managerial Cost Accounting System

NTSB needs to implement a managerial cost accounting system. While the agency is able to prepare its Statement of Net Cost and related footnote disclosures, the costs associated with these statements and disclosures are determined by capturing direct salary costs for each responsibility segment based upon direct salaries for various units within the agency, which account for about 50 percent of the costs. The remaining costs are allocated based upon a ratio of direct salary costs for each program area. Without an effective cost accounting system, NTSB managers have reduced information they can use to plan the utilization of staff resources or manage staff workloads properly and to determine costs of various operations, such as the training center.

The General Accountability Office (GAO), in report GAO-07-118 concluded that "NTSB managers have little information they can use to plan the utilization of staff resources or manage staff workloads properly." GAO noted in this report that the NTSB lack of a cost accounting system impacted NTSB's ability to accurately track training center costs.

Statement of Federal Financial Accounting Standards (SFFAS) No. 4: Managerial Cost Accounting Standards and Concepts, provides that managerial cost accounting should be a fundamental part of the financial management system and, to the extent practicable, should be integrated with other parts of the system. Cost information developed for different purposes should be drawn from a common data source, and output reports should be reconcilable to each other. SFFAS No. 4 states "Requirement for cost accounting - Each reporting entity should accumulate and report the costs of its activities on a regular basis for management information purposes. Costs may be accumulated either through the use of cost accounting

systems or through the use of cost finding techniques. The cost assignments should be performed using the following methods listed in the order of preference: (a) directly tracing costs wherever feasible and economically practicable, (b) assigning costs on a cause-and effect basis, or (c) allocating costs on a reasonable and consistent basis.”

NTSB has obtained funding for implementation of a cost accounting system, and estimates that it will come on line during 2010 fiscal year.

Since NTSB has obtained funding and is in the process of developing a cost accounting system, we are making no additional recommendations at this time.

A summary of the status of prior year findings is included as Attachment 1.

COMPLIANCE WITH LAWS AND REGULATIONS

The results of our tests of compliance with certain provisions of laws and regulations, as described in the Responsibilities section of this report, disclosed no instance of noncompliance with laws and regulations that is required to be reported under *Government Auditing Standards* and OMB Bulletin 07-04 (as amended).

RESPONSIBILITIES

Management Responsibilities

Management of the NTSB is responsible for: (1) preparing the financial statements in conformity with generally accepted accounting principles; (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the FMFIA are met; and (3) complying with applicable laws and regulations. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies.

Auditor Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin 07-04 (as amended), *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes: (1) examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; (2) assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial

statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In planning and performing our audit, we considered the NTSB's internal control over financial reporting by obtaining an understanding of the agency's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin 07-04 (as amended) and *Government Auditing Standards*. We did not test all internal controls relevant to operating objectives as broadly defined by FMFIA. Our procedures were not designed to provide an opinion on internal control over financial reporting. Consequently, we do not express an opinion thereon.

As required by OMB Bulletin 07-04 (as amended), with respect to internal control related to performance measures determined to be key and reported in Management's Discussion and Analysis, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions and determined whether they had been placed in operation. Our procedures were not designed to provide assurance on internal control over reported performance measures, and, accordingly, we do not provide an opinion thereon.

As part of obtaining reasonable assurance about whether the agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and significant provisions of contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin 07-04 (as amended). We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the NTSB. Providing an opinion on compliance with certain provisions of laws, regulations, and significant contract provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

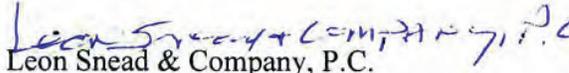
AGENCY COMMENTS AND AUDITOR EVALUATION

The CFO in a memorandum, dated November 6, 2009, concurred with the finding on cost accounting. The CFO noted that in fiscal year 2009, Congress provided funding to NTSB for a managerial cost accounting system. NTSB has entered into an agreement with its cross-servicing provider and has begun work on the implementation of the system.

The agency's written comments to the problem identified in the audit have not been subjected to auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

DISTRIBUTION

This report is intended solely for the information and use of the management, those individuals charged with governance, the U.S. Department of Transportation, Office of Inspector General, OMB, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.


Leon Snead & Company, P.C.
November 6, 2009

Follow-up on Previous Report

Prior Year Condition	Status As Of September 30, 2009
<p>Material Weakness: Internal controls established by the CFO over financial reporting were appropriately designed and functioning. However, we found: (1) control deficiencies continued to exist relating to the preparation, documentation, review and approval of journal vouchers; and (2) controls established relating to financial accounting relationship tests performed by the NTSB were not implemented effectively.</p>	<p>This problem has been corrected. Adequate internal controls were implemented by NTSB during fiscal year 2009.</p>
<p>Significant Deficiency: NTSB had not fully implemented a managerial cost accounting system. While the agency is able to prepare its Statement of Net Cost, and related footnote disclosures, the costs associated with these statements and disclosures are allocated to its responsibilities segments based upon estimates of “direct” salaries for various units within the agency which account for about one-half of the costs, and an allocation of remaining NTSB “common” costs.</p>	<p>Issue remains outstanding. NTSB has obtained funding for implementation of a cost accounting system, and estimates that it will come online during 2010 fiscal year.</p>



National Transportation Safety Board
Washington, D.C. 20594

Office of the Chief Financial Officer

November 6, 2009

TO: Leon Snead
Partner

FROM: Steven E. Goldberg
Chief Financial Officer

A handwritten signature in black ink, appearing to be "SE Goldberg", is written over the printed name of Steven E. Goldberg.

SUBJECT: DRAFT AUDIT REPORT
Fiscal Year 2009 and 2008 Financial Statements Audit Report

The National Transportation Safety Board (NTSB) has reviewed the draft fiscal years 2009 and 2008 Financial Statement Audit Report and we concur with your finding on *Cost Accounting*.

In FY 2009, Congress provided funding to NTSB for a managerial cost accounting system. We have entered into an agreement with our cross-servicing provider and begun work on the implementation of the system.

Please convey my appreciation to everyone on your staff who worked diligently on our financial statement audit. If you have any questions or comments, please contact me or William Mills at (202) 314-6265.

cc: Earl Hedges, Program Director,
Financial Audits, DOT OIG

Limitations of the Financial Statements

Responsibility for the integrity and objectivity of the financial information presented in the financial statements lies with NTSB management. The accompanying financial statements are prepared to report the financial policies and results of the operations of the NTSB, pursuant to the requirements of Chapter 31, of the United States Code section 3515(b). While these statements have been prepared from the books and records of the NTSB, these financial statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The financial statements should be read with the realization that the NTSB is an agency of the Executive Branch of the United States Government, a sovereign entity. Accordingly, unfunded liabilities reported in the statements cannot be liquidated without the enactment of an appropriation, and ongoing operations are subjected to enactment of appropriations.

Management Integrity: Controls, Compliance and Challenges

The NTSB conducts an annual review of the adequacy of the agency's management accountability and controls program in accordance with the *Federal Manager's Financial Integrity Act*, revised OMB Circular A-123, "Management's Responsibility for Internal Control."

The results of this review are included in the Chairman's Statement of Assurance sent to the President on September 30, 2009. The Chairman's assurance is based on NTSB Office Director Management Control Assurance Memorandums and NTSB responses to *Office Directors, Division Chiefs, and other Program Managers Risk Assessments for An Accountability Unit* conducted in accordance with the OMB's guidance in Circular A-123, Management's Responsibility for Internal Control.

The NTSB also relies on the findings and results of audits and studies conducted by the Department of Transportation, Office of Inspector General (DOT-OIG), Government Accountability Office, other audits and reviews, and the results of our financial statement audit conducted under the Chief Financial Officers Act of 1990, the Accountability of Tax Dollars Act of 2002, and OMB Circular A-136.

As of September 30, 2009, there is no new material weakness to report.

Discussion and Analysis of Financial Statements

The NTSB's FY 2009 and 2008 financial statements report the agency's financial position and results of operations on an accrual basis. These annual financial statements are comprised of a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and related notes that provide a clear description of the agency and its mission, as well as the significant accounting policies used to develop the statements.

Consolidated Balance Sheet

The major components of the Consolidated Balance Sheet are assets, liabilities, and net position.

ASSETS. Assets represent agency resources that have future economic benefits.

The NTSB's assets totaled \$45 million in FY 2009. Fund balances with the U.S. Treasury —mostly undisbursed cash balances from appropriated funds—comprised about 61% percent of the total assets. The NTSB does not maintain any cash balances outside of the U.S. Treasury and does not have any revolving or trust funds. Less than 1% percent of the NTSB's assets were comprised of accounts receivable, which reflects funds owed to the NTSB by other federal agencies and the public. The value of equipment less accumulated depreciation was \$17.2 million.

LIABILITIES. Liabilities are recognized when they are incurred regardless of whether or not they are carried by budgetary resources. In FY 2009, the NTSB had total liabilities of \$36 million. The largest components of the NTSB's liabilities were a capital lease liability at \$18.9 million. Accounts payable reflect funds owed primarily for contracts and other services.

NET POSITION. The NTSB's net position, which reflects the difference between assets and liabilities and represents the agency's financial condition, totals \$8.3 million. This amount is broken into two categories: unexpended appropriations (amounts related to undelivered orders and unobligated balances) at \$18.6 million and cumulative results of operations (net results of operations since inception plus the cumulative amount of prior period adjustments) at less than \$10.3 million.

The downward amount in net position was primarily the result of the liabilities not covered by budgetary resources and other liabilities.

Consolidated Statement of Net Cost

The Consolidated Statement of Net Cost represents the net cost to operate the agency. Net costs are comprised of gross costs less earned revenues and are reported by the NTSB's major programs. The NTSB's FY 2009 net cost of operations was \$90.9 million: \$93.6 million in gross costs less \$2.7 million in earned revenues.

Consolidated Statement of Changes in Net Position

The Consolidated Statement of Changes in Net Position reports the changes in net position during the reporting period. The NTSB ended FY 2009 with a net position total of \$8.3 million. The negative change in net position was primarily the result of the liabilities not covered by budgetary resources and other liabilities.

Combined Statement of Budgetary Resources

The Combined Statement of Budgetary Resources focuses on how budgetary resources (appropriations and reimbursables) were made available, the status of those resources (obligated or unobligated) at the end of the reporting period, and the relationship between the budgetary resources and outlays (collections and disbursements). The NTSB's FY 2009 budgetary resources totaled \$103.1 million and were primarily made up of budget authority funds \$91 million and unobligated balance \$11.4 million.

Accrual Basis of Accounting

Method of accounting that recognizes revenue when earned rather than when collected, and recognizes expenses when incurred rather than when paid.

When: The order is placed.

Then: The obligation is recorded as an undelivered order.

When: The materials are received and accepted.

Then: The obligational authority is expended and an accounts payable is recorded.

When: The payment is made.

Then: An outlay occurs and the account payable is cleared.

NATIONAL TRANSPORTATION SAFETY BOARD
Balance Sheet
As of September 30, 2009 and 2008

Assets	FY 2009	FY 2008
Intragovernmental:		
Fund balance with Treasury (Note 2)	\$ 27,257,212	\$ 24,964,107
Total Intragovernmental Assets	\$ 27,257,212	\$ 24,964,107
Accounts receivable (Note 3)	1,147	\$ 70,504
Property and equipment, net (Note 4)	17,244,766	19,027,470
	\$ 17,245,913	\$ 19,097,974
Total Assets	\$ 44,503,125	\$ 44,062,081
Liabilities		
Intragovernmental:		
Other liabilities	\$ 2,010,274	\$ 2,004,767
Total Intragovernmental	\$ 2,010,274	\$ 2,004,767
Accounts payable	\$ 1,371,182	\$ 1,800,294
Capital lease liability (Note 8)	18,884,308	19,782,691
Other Liabilities	13,873,778	14,136,110
Total Liabilities	\$ 36,139,542	\$ 37,723,862
Net Position		
Unexpended appropriations	\$ 18,649,872	\$ 16,552,459
Cumulative results of operations	(10,286,289)	(10,214,240)
Total Net Position	\$ 8,363,583	\$ 6,338,219
Total Liabilities and Net Position	\$ 44,503,125	\$ 44,062,081

The accompanying notes are an integral part of these statements.

NATIONAL TRANSPORTATION SAFETY BOARD
Statement of Net Cost
For the Period Ending September 30, 2009 and 2008

	FY 2009	FY 2008
	Aviation Safety	Aviation Safety
Gross costs	\$ 45,546,335	\$ 43,380,447
Less: Earned Revenue	(1,276,045)	(941,534)
Net Costs	<u>\$ 44,270,290</u>	<u>\$ 42,438,913</u>
	Surface Transportation Safety	Surface Transportation Safety
Gross costs	\$ 30,918,308	\$ 28,962,811
Less: Earned Revenue	(896,728)	(556,164)
Net Costs	<u>\$ 30,021,580</u>	<u>\$ 28,406,647</u>
	Research & Engineering	Research & Engineering
Gross costs	\$ 16,439,254	\$ 16,506,015
Less: Earned Revenue	(522,552)	(291,772)
Net Costs	<u>\$ 15,916,702</u>	<u>\$ 16,214,243</u>
Net Cost of Operations	<u>\$ 90,208,572</u>	<u>\$ 87,059,803</u>

The accompanying notes are an integral part of these statements.

NATIONAL TRANSPORTATION SAFETY BOARD
Consolidated Statement of Changes in Net Position
As of September 30, 2009 and 2008

	FY 2009 Cumulative Results of Operations	FY 2008 Cumulative Results of Operations
Beginning Balances	(\$10,214,240)	(\$9,986,700)
Prior period adjustments (+/-)	-	-
Beginning balances, as adjusted	(\$10,214,240)	(\$9,986,700)
Budgetary Financing Sources:		
Appropriations used	\$87,117,313	\$84,095,898
Transfers in/out without reimbursement (+/-)		
Other Financing Sources:		
Imputed financing from costs absorbed by others	3,019,210	2,736,365
Total Financing Sources	\$90,136,523	\$86,832,263
Net Cost of Operations (+/-)	(\$90,208,572)	(\$87,059,803)
Net Change	(\$72,049)	(\$227,540)
Cumulative Results of Operations	(\$10,286,289)	(\$10,214,240)
	FY 2009	FY 2008
	Unexpended Appropriations	Unexpended Appropriations
Beginning Balances*	\$16,552,459	\$18,748,951
Prior period adjustments (+/-)	-	-
Beginning balances, as adjusted	\$16,552,459	\$18,748,951
Budgetary Financing Sources:		
Appropriations received	\$91,000,000	\$84,499,000
Other adjustments (rescissions, etc) (+/-)	(1,785,274)	(2,599,594)
Appropriations used	(87,117,313)	(84,095,898)
Total Budgetary Financing Sources	\$2,097,413	(\$2,196,492)
Total Unexpended Appropriations	\$18,649,872	\$16,552,459
Net Position	\$8,363,583	\$6,338,219

The accompanying notes are an integral part of these statements.

NATIONAL TRANSPORTATION SAFETY BOARD
Statement of Budgetary Resources
As of September 30, 2009 and 2008

<u>Budgetary Resources:</u>	FY 2009	FY 2008
Unobligated balance:		
Unobligated Balance, Brought Forward, October 1	\$ 10,649,579	\$ 13,289,011
Recoveries of prior year obligations: actual	376,228	1,585,504
Budget authority:		
Appropriation	91,000,000	84,499,000
Spending from Offsetting Collections		
Earned		
Collected	2,925,019	1,657,028
Change in Receivables from Federal sources	-	
Change in Unfilled Orders		
Advance Received	(54,224)	
Without Advance from Federal sources		
Anticipated for rest of year, without advances		
Permanently not available	(1,785,274)	(2,599,593)
Total Budgetary Resources	\$ 103,111,328	98,430,950
<u>Status of Budgetary Resources:</u>		
Obligations Incurred:		
Direct		
Category A	\$ 89,584,426	85,797,510
Reimbursable: Category B	2,149,743	1,983,861
	\$ 91,734,169	87,781,371
Unobligated Balance		
Apportioned	\$ 6,545,513	6,184,977
Anticipated		
Unobligated balance not available	4,831,646	4,464,602
Total Unobligated Balances	\$ 11,377,159	10,649,579
Total Status of Budgetary Resources	\$ 103,111,328	98,430,950
<u>Change in Obligated Balance:</u>		
Obligated Balance, net:		
Unpaid Obligations, Brought Forward, October 1	\$ 14,314,528	11,057,284
Uncollected customer payments from Federal sources, brought forward, October	-	-
Obligations Incurred	91,734,169	87,781,371
Less: Gross Outlays	(89,792,415)	\$ (82,938,623)
Obligated Balance transfers, net		
Less: Recoveries of prior year unpaid obligations, actual	(376,229)	(1,585,504)
Change in uncollected customer payments from Federal sources	-	-
Obligated Balance, net, end of period:		
Unpaid obligations	\$ 15,880,053	14,314,528
Uncollected customer payments from Federal sources	-	-
Total, unpaid obligated balance, net, end of period	\$ 15,880,053	\$ 14,314,528
Net Outlays:		
Gross Outlays	\$ 89,792,415	82,938,623
Less: Offsetting Collections	(2,870,795)	(1,657,028)
Net Outlays:	\$ 86,921,620	\$ 81,281,595

The accompanying notes are an integral part of these statements.

Note 1

Summary of Significant Accounting Policies

Reporting Entity

The accompanying financial statements present the financial position, net cost of operations, changes in net position and budgetary resources of the National Transportation Safety Board (NTSB). The NTSB is an independent agency charged with determining the probable cause(s) of transportation accidents and promoting transportation safety. The financial activity presented relates primarily to the execution of the NTSB's congressionally approved budget. The NTSB began operations in 1967 and, although independent, it relied on the U.S. Department of Transportation (DOT) for funding and administrative support. In 1975, under the Independent Safety Board Act, all organizational ties to DOT were severed. The NTSB is not part of DOT, or affiliated with any of its modal agencies. The laws specific to the Board are located in Chapter VIII, Title 49 of the Code of Federal Regulations.

Basis of Accounting and Presentation

These financial statements reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized as incurred, without regard to receipt or payment of cash. Budgetary accounting is designed to recognize the obligation of funds according to legal requirements. Budgetary accounting is essential for compliance with legal constraints and controls over the use of Federal funds.

These financial statements have been prepared from the books and reports of NTSB in accordance with U.S. generally accepted accounting principles (GAAP) for the Federal government and the Office of Management and Budget (OMB) Circular A-136.

Assets

Intragovernmental assets are those assets that arise from transactions with other Federal entities. Entity assets are available for use by the entity in its operations while nonentity assets are assets held by the entity but not available for use by the entity in its operations.

Fund Balance with U.S. Treasury

The NTSB does not maintain cash in commercial bank accounts. The U.S. Treasury processes cash receipts and disbursements. Funds with the U.S. Treasury consist of appropriated and deposited funds that are available to pay current liabilities and finance authorized purchase commitments.

Accounts Receivable

NTSB's accounts receivable represent amounts due from overpayments to current and non-current employees and from vendors. NTSB maintains an allowance for doubtful accounts for public receivables based on past collection experience. The allowance for doubtful accounts is reviewed and adjusted quarterly.

Property and Equipment

General Property and Equipment

The Office of the Chief Financial Officer has established a capitalization policy for general property and equipment (P&E). General P&E is reported at acquisition cost. The capitalization threshold is established at \$25,000. General P&E consists of items that are used by NTSB to support its mission. Depreciation on these assets is calculated using the straight-line method.

The land and buildings in which the NTSB operates are primarily leased from commercial entities. The General Services Administration (GSA) provides some of the facilities occupied by the NTSB. GSA charges the NTSB a Standard Level Users Charge (SLUC) that approximates the commercial rental rates for similar properties.

Leasehold Improvements

The NTSB capitalization policy for leasehold improvements has established a capitalization threshold of \$100,000. A leasehold improvement is an improvement of a leased asset that increases the asset's value. Depreciation on these assets is calculated using the straight-line method with ten years as the estimated useful life of the improvements or the remaining term of the lease, whichever is less.

Capital Lease Assets

Any Lease-to-Ownership Plans (LTOP) leases are classified as capital leases. The NTSB has one capital lease, for space rental on the building that houses the NTSB Ashburn facility. This is a twenty-year lease. Depreciation on the capital lease is calculated using the straight-line method with twenty years, the term of the lease, as the estimated useful life of the capital lease.

Internal Use Software

The capitalization threshold of internal use software is established at \$250,000. Only the costs associated with the software development phase including labor are subject to capitalization. Software development phase activities generally include the design of chosen path, including software configuration and software interfaces, coding, installation to hardware and testing, including the parallel processing phase. Internal use software includes software to operate NTSB programs and software used to produce NTSB goods and services. Depreciation on these assets is calculated using the straight-line method with three years as the estimated useful life of the asset.

Liabilities

Liabilities represent amounts that are likely to be paid by the NTSB as the result of transactions or events that have already occurred; however, no liabilities are paid by the NTSB without an appropriation. Intragovernmental liabilities arise from transactions with other Federal entities.

Accounts payable

Accounts payable consist of amounts owed for goods, services and other expenses received but not yet paid.

Accrued Payroll and Benefits

Accrued Payroll and Benefits represents salaries, wages and benefits earned by employees, but not disbursed as of September 30, 2009. Accrued payroll and benefits are payable to employees and are therefore not classified as intragovernmental.

Annual, Sick, and Other Leave

Annual leave is recognized as an expense and as a liability as it is earned; the liability is reduced as leave is taken. Each year, the balance in the accrued annual, restored, and compensatory leave account is adjusted to reflect current leave balances and pay rates. Sick leave and other types of non-vested leave are expensed as taken.

Employee Retirement Plans

Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS)
NTSB employees participate in one of two retirement programs, either the CSRS or the FERS, which became effective on January 1, 1987. Most NTSB employees hired after December 31, 1983, are automatically covered by FERS and Social Security.

For CSRS covered employees, the NTSB withheld 7.0% of gross earnings. The NTSB matches the withholding, and the sum of the withholding and the matching funds is transferred to the Civil Service Retirement System.

For each fiscal year the Office of Personnel Management (OPM) calculates the U.S. Government's service costs for covered employees, which is an estimate of the amount of funds that, if accumulated annually and invested over an employee's career, would be enough to pay that employee's future benefits. Since the U.S. Government's estimated FY 2009 service cost exceeds contributions made by employer agencies and covered employees, the plan is not fully funded by the NTSB and its employees. As of September 30, 2009, NTSB recognized \$3 million as an imputed cost and as an imputed financing source for the difference between the estimated service cost and the contributions made by NTSB and its employees.

FERS contributions made by employer agencies and covered employees exceed the U.S. Government's estimated FY 2009 service cost. For FERS covered employees the NTSB made contributions of 11.2% of basic pay. Employees contributed .80% of gross earnings. Employees participating in FERS are covered under the Federal Insurance Contribution Act (FICA) for which the NTSB contributes a matching amount to the Social Security Administration.

Thrift Savings Plan (TSP)

Employees covered by CSRS and FERS are eligible to contribute to the U.S. Government's TSP, administered by the Federal Retirement Thrift Investment Board. The NTSB makes a mandatory contribution of 1% of basic pay for FERS-covered employees. In addition, NTSB makes matching contributions, of up to 5% of basic pay, for employees who contribute to the Thrift Savings Plan. Contributions are matched dollar for dollar for the first 3 percent of pay contributed each pay period and 50 cents on the dollar for the next 2 percent of pay. There are no percentage limits on contributions for FERS participants. There are no percentage limits for CSRS participants, but there is no governmental matching contribution. The maximum amounts that either FERS or CSRS employees may contribute to the plan in calendar year 2009 is \$16,500.

The NTSB financial statements do not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, which may be applicable to NTSB employees and funded by NTSB. Such reporting is the responsibility of OPM.

Contingencies

A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. A contingent liability is recognized when a past event or exchange transaction has occurred, and a future outflow or other sacrifice of resources is measurable and probable. A contingency is not disclosed in the Notes to the Financial Statements when any of the conditions for liability recognition are met but the chance of a future event occurring is remote. A contingency is disclosed in the Notes to the Financial Statements when any of the conditions for liability recognition are not met and the chance of the future confirming event or events occurring is more than remote but less than probable.

The NTSB is not a party to any legal actions that are likely to result in a material liability. Accordingly, no provision for loss is included in the financial statements.

Revenues and Other Financing Sources

Appropriations

Most of NTSB's operating funds are provided by congressional appropriations of budget authority. The NTSB receives appropriations on annual and no-year bases. NTSB receives financial resources from the following appropriations:

Annual Salaries and Expenses Appropriation

Annual one-year appropriations are provided by Congress and are available for obligation in the fiscal year for which it was provided to fund the overall operation of the NTSB.

Supplemental Salaries and Expenses Appropriation

Supplemental appropriations provided by Congress to fund extraordinary investigations.

No Year Emergency Fund Appropriation

A no-year Emergency Fund appropriation was provided by the Congress to fund extraordinary accident investigation costs. Emergency Fund disbursements are made at the discretion of the NTSB, but must be reported to the Congress. A no-year appropriation is available for obligation without fiscal year limitation. The NTSB's Emergency Fund currently is appropriated at \$2,000,000.

Imputed Financing Sources

In accordance with OMB Bulletin No. A-136, all expenses should be reported by agencies whether or not these expenses would be paid by the agency that incurs the expense. The amounts for certain expenses of the NTSB, which will be paid by other Federal agencies, are recorded in the "Statement of Net Cost." A corresponding amount is recognized in the "Statement of Changes in Net Position" as an "Imputed Financing Source." These imputed financing sources primarily represent unfunded pension costs of NTSB employees.

Statement of Net Cost

Sub-Organization Program Costs

The NTSB Statement of Net Cost is presented by Responsibility Segment. These Responsibility Segments are based on the NTSB's mission and funding sources. The major programs that comprise the Responsibility Segments are: Aviation Safety, Surface Transportation Safety, and Research and Engineering.

Earned Revenue

Earned revenues collected by NTSB include amounts collected for training programs, rental of conference room space, subleasing of office space, and for investigative related services.

Net Position

Net position is the residual difference between assets and liabilities and comprises Unexpended Appropriations and Cumulative Results of Operations.

Unexpended appropriations include appropriations not yet obligated or expended, represented by the unobligated balances and undelivered orders of NTSB's appropriated funds. Multi-year appropriations remain available to NTSB for obligation in future periods. Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not for new obligations, until that account is closed, five years after the appropriations expire. Cumulative Results of Operations is the Net Result of NTSB's operations since inception.

Use of Estimates

The preparation of financial statements in accordance with the accounting principles described above requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates.

Note 2

Fund Balances with the U.S. Treasury

U.S. Treasury processes NTSB cash receipts and disbursements. Non-Federal receipts are deposited in commercial banks, which transfer the receipts to the U.S. Treasury. Funds with the U.S. Treasury represent appropriated funds and funds received in exchange for providing services. These funds are available to finance expenditures.

Fund Balances with the U.S. Treasury

Funds	Entity FY 2009	Non- Entity FY 2009	Total FY 2009	Entity FY 2008	Non-Entity FY 2008	Total FY 2008
Intragovernmental:						
Appropriated Funds	\$27,257,212	\$-	\$27,257,212	\$24,964,107	\$-	\$24,964,107
Unavailable Receipt	\$-	-	\$-	-	-	-
Total	\$27,257,212	\$-	\$27,257,212	\$24,964,107	\$-	\$24,964,107

Status of Fund Balance with Treasury	FY 2009	FY 2008
Unobligated Balance		
Available	\$6,545,513	\$6,184,977
Unavailable	4,831,646	4,464,602
Obligated Balance Not Yet Disbursed	15,880,053	14,314,528
Total	\$27,257,212	\$24,964,107

Note 3

Accounts Receivable

NTSB's accounts receivable represent amounts due from overpayments to current and non-current employees and from vendors. NTSB maintains an allowance for doubtful accounts for public receivables based on past collection experience. NTSB estimates the allowance for doubtful accounts based on the following agency schedule.

DAYS OUTSTANDING	PERCENTAGE
0-120	0%
Over 120 Days	100%

The allowance for doubtful accounts is reviewed and adjusted quarterly.

	Interagency FY 2009	Public FY 2009	Total FY 2009	Interagency FY 2008	Public FY 2008	Total FY 2008
Gross Receivables	\$-	\$96,554	\$96,554	\$-	\$182,288	\$182,288
Allowance for Loss	\$-	95,407	95,407	-	111,784	111,784
Net Receivables	\$-	\$1,147	\$1,147	\$-	\$70,504	\$70,504

Note 4

Property and Equipment, Net

Property and equipment consisted of the following as of September 30, 2009 and 2008:

Property and Equipment

Classes of Fixed Assets	Service Life (Years)	Acquisition Value FY 2009	Accumulated Depreciation FY 2009	Net Book Value FY 2009	Acquisition Value FY 2008	Accumulated Depreciation FY 2008	Net Book Value FY 2008
Desktop and laptop computers and peripherals	3	\$574,695	\$574,695	\$-	\$862,733	862,733	\$-
Other ADP and Tele-comm equipment (servers, routers)	5	\$814,076	601,349	\$212,727	\$740,130	507,374	\$232,756
Furniture	5	\$731,128	731,128	-	\$731,128	725,991	\$5,137
Investigative equipment	5	\$600,021	406,754	\$193,267	\$576,233	304,031	\$272,202
Office Equipment	5	\$62,038	56,024	\$6,014	\$88,721	70,305	\$18,416
Internal Use Software	3	\$2,130,093	1,893,893	\$236,200	\$2,130,093	1,503,149	\$626,944
Leasehold Improvements	10	\$628,163	544,883	\$83,280	\$628,163	455,216	\$172,947
Capital lease	20	\$23,731,941	7,218,663	\$16,513,278	\$23,731,941	6,032,873	\$17,699,068
Totals		\$29,272,155	\$12,027,389	\$17,244,766	\$29,489,142	\$10,461,672	\$19,027,470

Note 5

Accrued FECA Liability

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for NTSB employees under FECA are administered by the Department of Labor (DOL) and are ultimately paid by the NTSB.

FECA liability includes two components: (1) the accrued liability which represents money owed for claims paid by the DOL through the current fiscal year, for which billing to and payment by the NTSB will occur in a subsequent fiscal year, and (2) the liability for future costs which represents the expected liability for approved compensation cases beyond the current fiscal year. Estimated future costs have been actuarially determined, and are regarded as a liability to the public because neither the costs nor reimbursement have been recognized by DOL. FECA liability is included in Liabilities Not Covered by Budgetary Resources, as described in Note 7.

The NTSB accrues liabilities based on estimates of funds owed to other Federal government entities for services provided, but not yet billed. The accruals for Workers Compensation and Unemployment Compensation represent the estimated liability for the current fiscal year; for money owed, but not billed; and for claims, which were paid by the Department of Labor, but not yet billed to the NTSB.

Note 6**Accrued Annual Leave**

Accrued annual leave consists of employees' unpaid leave balances at September 30, 2009 and reflects wage rates in effect at quarter end. Accrued annual leave is included in Liabilities Not Covered by Budgetary Resources, as covered in Note 7.

Note 7**Liabilities Covered and not Covered by Budgetary Resources**

Liabilities Not Covered by Budgetary Resources result from the receipt of goods and services, or the occurrence of events, for which appropriations, revenues, or other financing sources necessary to pay the liabilities have not yet been made available through Congressional appropriation. These include FECA and annual leave liability. Liabilities Covered by Budgetary Resources are those for which budgetary resources are available in the current fiscal year. NTSB's liabilities covered and not covered by budgetary resources are as follows:

Liabilities Covered and Not Covered by Budgetary Resources

Liabilities Covered by Budgetary Resources	FY 2009	FY 2008
Employer Contribution and Payroll Taxes Payable	\$563,954	\$510,162
Accounts Payable	\$1,371,182	1,782,794
Accrued Payroll	\$2,403,722	2,631,946
Unearned Revenue	\$71,559	125,783
	\$4,410,417	\$5,050,685
Liabilities Not Covered by Budgetary Resources		
Capital Lease Liability	\$18,884,308	19,782,691
Accrued Unfunded Annual Leave	\$4,574,751	4,532,886
Actuarial FECA Liability	\$6,823,746	6,845,495
Accrued Unfunded FECA Liability	\$1,446,320	1,512,105
Total Liabilities Covered and Not Covered by Budgetary Resources	\$36,139,542	\$37,723,862

Liabilities Covered and Not Covered by Budgetary Resources Intragovernmental and Governmental

Intragovernmental	FY 2009	FY 2008
Other Liabilities	\$2,010,274	\$2,004,767
Total Intragovernmental	\$2,010,274	\$2,004,767
Accounts Payable	\$1,371,182	1,800,294
Accrued Payroll	\$2,403,722	2,631,946
Capital Lease Liability	\$18,884,308	19,782,691
Accrued Unfunded Annual Leave	\$4,574,751	4,532,886
Actuarial FECA Liability	\$6,823,746	6,845,495
Unearned Revenue	\$71,559	125,783
Total Liabilities Covered and Not Covered by Budgetary Resources	\$36,139,542	\$37,723,862

Note 8

Leases

The NTSB has commitments under cancelable leases for office space. These leases have terms that extend up to 10 years. The majority of buildings in which the NTSB operates are leased from commercial companies. Under their lease agreement with the General Services Administration (GSA), the NTSB is charged rent that is intended to approximate commercial rental rates.

The NTSB has a 20-year capital lease for the Ashburn facility space which was entered into in 2001. The total future payments disclosed for the Ashburn facility include estimates for services and utilities.

Future Capital Lease Payments

Fiscal Year	Space Rental FY 2009	Space Rental FY 2008
2009	\$-	2,521,440
2010	\$2,521,440	2,521,440
2011	\$2,521,440	2,521,440
2012	\$2,521,440	2,521,440
2013	\$2,521,440	2,521,440
2014	\$2,521,440	2,521,440
2015 and beyond	\$22,272,720	\$22,272,720
Total Future Lease Payments	\$34,879,920	\$37,401,360
Less: Imputed Interest	\$(7,888,467)	(8,925,024)
Less: Executory Costs (Maintenance)	\$(8,107,145)	(8,693,645)
Net Capital Lease Liability	\$18,884,308	\$19,782,691

In 2003 NTSB determined that this lease should be recorded as a capital lease. Capitalizing the full net present value of the Ashburn facility lease created a deficiency in 2001 funds. This deficiency was reported to OMB and Congress. OMB has provided guidance on future funding and reporting of this liability. With the cancellation of the FY 2001 appropriation at September 30, 2006, the budgetary accounts no longer reflect a deficiency situation. The related asset, liability, and amortization will remain on the general ledger until the lease is fully liquidated. Public Law 111-18, Omnibus Appropriations Act, 2009, H.R. 1105, provided funds to make lease payments due in fiscal year 2009 only.

The lease liability not covered by budgetary resources at September 30, 2009 is \$18,884,308.

The NTSB has operating leases for copiers, postage meters and vehicles. Copiers and postage meters are leased on an annual basis. These leases are cancelable or renewable on an annual basis at the option of NTSB. They do not impose binding commitments on NTSB for future rental payments on leases with terms longer than one year.

Future operating payments due are as follows:

Future Operating Lease Payments at September 30, 2009

Fiscal Year	Space Rental- Headquarters and Regional Offices FY 2009	Space Rental- Headquarters and Regional Offices FY 2008
2009	\$-	\$6,952,082
2010	\$8,203,442	6,581,807
2011	\$564,368	1,045,833
2012	\$370,345	1,320
2013	\$319,392	1,320
2014	\$195,106	-
2015 and beyond	\$10,056	-
Total Future Lease payments	\$9,662,709	\$14,582,362

GSA vehicle leases are cancelable at any time without penalty and are not included in Future Operating Lease Payments information.

Future Lease Receipts

In August 2007, NTSB signed two sub-lease agreements to provide certain office space beginning in September 2007.

The first is with the Federal Aviation Administration (FAA) for the period of twelve months with the possibility of extension. This agreement will result in the receipt of \$453,631 over the twelve-month lease term, paid quarterly. This agreement commenced on September 1, 2007 and will expire on October 22, 2010. The Sub-Lessee rental rate will be annually adjusted by a reconciliation of Operating costs and taxes corresponding with increases to the Consumer Price Index (CPI) Cost of Living index.

The second is with the Transportation Security Administration (TSA) for a period of ten years. The Sub-Lessee may cancel this agreement after the first twelve months with 120 days notice without penalty. This agreement will result in the receipt of \$583,876 over the twelve-month lease term in accordance with amendment #1, paid quarterly. The Sub-Lessee rental rate will be annually adjusted by a reconciliation of Operating costs and taxes corresponding with increases to the Consumer Price Index (CPI) Cost of Living index.

In June 2008, NTSB signed a sub-lease agreement with the Department of Homeland Security (DHS) to provide certain office space beginning June 16, 2008.

This sub-lease was for the initial period of June 16, 2008 to September 30, 2008 with four option years, paid quarterly in advance. This agreement will result in the receipt of \$321,600 over the twelve-month lease term. The Sub-Lessee rental rate will be annually adjusted by a reconciliation of Operating costs and taxes corresponding with increases to the Consumer Price Index (CPI) Cost of Living index.

Future Lease Receipts at September 30, 2009

Fiscal Year	FAA	TSA	DHS
2010	\$453,631	\$583,876	\$321,600
2011	27,342	583,876	321,600
2012	-	583,876	321,600
2013	-	583,876	
2014	-	583,876	
2015 and beyond	-	1,751,628	
Total Future Lease Receipts	\$480,973	\$4,671,008	\$964,800

Future Lease Receipts at September 30, 2008

Fiscal Year	FAA	TSA	DHS
2009	\$446,875	\$478,748	\$276,831
2010	446,875	478,748	276,831
2011	27,930	478,748	276,831
2012	-	478,749	207,623
2013	-	478,749	-
2014	-	478,749	-
2015 and beyond	-	1,417,627	
Total Future Lease Receipts	\$921,680	\$4,290,118	\$1,038,116

Note 9

Statement of Net Cost

Intragovernmental and Public Costs

Fiscal Year 2009	Aviation Safety	Surface Safety	Research & Engineering	Consolidated Totals
Intragovernmental Gross Costs	\$8,011,415	\$6,926,937	2,984,494	17,922,846
Less: Intragovernmental Earned Revenue	\$(617,067)	(473,258)	(285,905)	(1,376,230)
Intragovernmental Net Costs	\$7,394,348	\$6,453,679	\$2,698,589	\$16,546,616
Gross Costs with the Public	\$37,534,920	23,991,371	13,454,760	74,981,051
Less: Earned Revenues from the Public	\$(658,978)	(423,470)	(236,647)	(1,319,095)
Net Costs with the Public	\$36,875,942	\$23,567,901	\$13,218,113	\$73,661,956
Net Cost of Operations	\$44,270,290	\$30,021,580	\$15,916,702	\$90,208,572

Fiscal Year 2008	Aviation Safety	Surface Safety	Research & Engineering	Consolidated Totals
Intragovernmental Gross Costs	\$8,248,930	\$5,311,686	2,474,969	\$16,035,585
Less: Intragovernmental Earned Revenue	\$(549,663)	(292,199)	(136,149)	(978,011)
Intragovernmental Net Costs	\$7,699,267	\$5,019,487	\$2,338,820	\$15,057,574
Gross Costs with the Public	\$35,131,517	\$23,651,125	\$14,031,046	\$72,813,688
Less: Earned Revenues from the Public	\$(391,871)	(263,965)	(155,623)	(811,459)
Net Costs with the Public	\$34,739,646	\$23,387,160	\$13,875,423	\$72,002,229
Net Cost of Operations	\$42,438,913	\$28,406,647	\$16,214,243	\$87,059,803

Note 10**Statement of Budgetary Resources**

The Statement of Budgetary Resources compares budgetary resources with the status of those resources. For September 30, 2009, and September 30, 2008, respectively, budgetary resources were \$103 million and \$98 million; net outlays for the year were \$87 million and \$81 million; direct obligations incurred against amounts apportioned under Category A were \$89 million and \$86 million; and the amount of direct obligations incurred against amounts apportioned under Category B were \$2 million and \$2 million.

	FY 2009	FY 2008
Budgetary Resources	\$103,111,328	\$98,430,950
Net Outlays	\$86,921,620	\$81,281,595
Category A Apportionments	\$89,584,426	\$85,797,510
Reimbursable Category B	\$2,149,743	\$1,983,861

The total of undelivered orders at September 30, 2009 and 2008 were \$11.5 million and \$9.4 million.

Note 11

Net Cost of Operations vs. Budget

	FY 2009	FY 2008
Resources Used to Finance Activities		
Obligations Incurred	\$91,734,169	\$87,781,370
Less: spending authority from offsetting collections and recoveries	\$(3,301,247)	(3,242,532)
Net obligations	\$88,432,922	\$84,538,838
Imputed financing from costs absorbed by others	\$3,019,210	2,736,365
Total resources used to finance activities	\$91,452,132	\$87,275,203
Resources Used to Finance Items not Part of the Net cost of operations		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	\$(2,151,568)	(1,538,058)
Resources that fund expenses recognized in prior periods	\$(964,168)	(742,571)
Budgetary offsetting collections and receipts that do not affect net cost of operations	\$-	(155,585)
Resources that finance the acquisition of assets	\$(138,572)	(160,582)
Total resources used to finance items not part of the net cost of operations	\$(3,254,308)	(2,596,796)
Total resources used to finance the net cost of operations	\$88,197,824	\$84,678,407
Components of the Net Cost of Operations that will not require or generate Resources in the Current Period		
Other	\$89,473	160,785
Depreciation and Amortization	\$1,921,275	2,220,611
Total components of Net Cost of Operations that will not require or generate resources in the current period	\$2,010,748	\$2,381,396
Net Cost of Operations	\$90,208,572	\$87,059,803

Note 12

Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government

FY 2008 Dollars in millions	Budgetary Resources	Obligations Incurred	Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$101	\$64	\$-	\$59
Unobligated Balance Brought Forward	\$(13)	(13)	\$-	\$(13)
Unobligated Balance Apportioned		29	\$-	\$29
Permanently not available	\$1	5	\$-	\$6
Budget of the U.S. Government	\$89	\$85	\$-	\$81
Differences	\$-	\$-	\$-	\$-

Source: Appendix, United States Budget

FY 2008 is the latest year for which actual figures are available. The President's Budget with actual figures for FY 2009 has not yet been published. Actual figures for FY 2009 are expected to be available in January 2010 and are expected to be found at <http://www.whitehouse.gov/omb/>.

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**National
Transportation
Safety Board**