

# **NATIONAL TRANSPORTATION SAFETY BOARD**



**Established April 1, 1967**

## **Headquarters**

490 L'Enfant Plaza, SW  
Washington, DC

[www.nts.gov](http://www.nts.gov)

## A Message from the Chairman



I am pleased to present the National Transportation Safety Board's fiscal year (FY) 2019 Performance and Accountability Report (PAR). The PAR highlights the NTSB's accomplishments in FY 2019 and provides information on our financial management and performance. This report delivers an accounting to the President, Congress, and the American taxpayers on our stewardship of the funding we received from them for FY 2019 to ensure the fulfillment of our mission. The report contains the NTSB's audited financial statements, as required by the Office of Management and Budget (OMB Circular A-136, *Financial Reporting Requirements*), a selection of annual performance metrics, 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 our accident investigation experience and for issuing, advancing, and, ultimately, persuading others to implement our safety recommendations. For over 50 years, the NTSB's dedicated staff has achieved distinction at the forefront of transportation safety issues. We continually stimulate and promote beneficial change within the transportation community—change that is consistent with, and helps to fulfill, our mission and core values of integrity, transparency, independence, and excellence. In 2019 we updated our Most Wanted List, our premier safety advocacy tool.

For the FY 2019 financial statement audit, we received our 17<sup>th</sup> consecutive unmodified (clean) opinion, the best possible audit result. Allmond & Company, LLC, an independent public accounting firm engaged by the US Department of Transportation, Office of the Inspector General, audited the NTSB's FY 2019 consolidated financial statements, included in this report, and did not identify any material weaknesses or significant deficiencies.

I am also pleased to report that management's annual assessment of risks and review of controls as required by the FMFIA and OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, disclosed no material weaknesses and that the financial and performance data presented here are reliable and complete.

The performance goals and accomplishments in this report summarize the NTSB's success in achieving the strategic goals we established for FY 2019.

All of us at the NTSB look forward to continuing our work to protect the traveling public and promote safety along with our partners and colleagues in Congress, industry, and domestic and international agencies. We look forward to continuing to serve the Congress and the public as we reach our financial management and performance goals, while addressing current and future challenges in advancing transportation safety.

Sincerely,

A handwritten signature in blue ink that reads "Robert L. Sumwalt, III". The signature is written in a cursive style.

Robert L. Sumwalt, III  
Chairman  
November 6, 2019

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# Performance and Accountability Report **2019**

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## Introduction

Our PAR for fiscal year (FY) 2019 provides financial and performance information for the NTSB and compares performance results to the agency's strategic and performance goals. This information enables the President, Congress, and the American people to assess the agency's performance.

The NTSB strives to keep the public informed of its activities. This report shows the tremendous effort and challenges involved in each of our modal office investigations and demonstrates how we are a major voice in promoting safety for the traveling public in the United States and globally. To learn more about the NTSB, visit our website at <http://www.nts.gov>. The NTSB's Strategic Plan and annual PARs are available on our website at <http://www.nts.gov/about/reports>. We welcome feedback on the form and content of this report.

The FY 2019 PAR satisfies the requirements outlined in the Office of Management and Budget (OMB) *Circular A-136, Financial Reporting Requirements*, and contains three sections.

### **Section 1 – Management's Discussion and Analysis**

This section provides an overview of the financial operations of the agency and the performance overview of the NTSB organization, highlights of the agency's performance goals and results, the status of systems and internal control weaknesses, and other pertinent information. It summarizes the NTSB's strategic goals and related objectives; provides annual performance information as required by OMB *Circular A-11, the Government Performance and Results Act of 1993 (GPRA)*, and the *Government Performance and Results Modernization Act of 2010 (GPRAMA)*; and includes a detailed discussion and analysis of the agency's performance in FY 2019. It also includes information about past results of key performance measures and provides a discussion of future challenges.

### **Section 2 – Financial Statements and Auditors' Report**

This section contains a message from the NTSB's Chief Financial Officer, details of the agency's FY 2019 finances, and includes the Department of Transportation Office of the Inspector General (DOT/OIG) Quality Control Report, the Independent Auditor's Report, the NTSB Chief Financial Officer's Response to the Auditor's Report, and the agency's audited financial statements and notes.

### **Section 3 – Other Accompanying Information**

This section includes our *Summary of Financial Statement Audit and Management Assurances, Improper Payments Information Act* reporting details, *IPERIA* compliance information, assessment and recapture of improper payments reporting, Fraud Reduction efforts, and Reduce the Footprint and Civil Monetary Penalties reporting. Also included in this section are a list of figures and tables, acronyms and abbreviations, and acknowledgements.



## **Section I – Management’s Discussion and Analysis**

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This section provides a high-level overview of the agency’s history, mission, organizational structure, strategic goals, program performance, financial management, and management assurances and provides a summary of the agency’s most significant challenges.

### **Agency Overview**

Agency Overview explains the NTSB’s mission, legislative mandate, and core values; provides background on the agency and its vital role in transportation Safety; an overview of the NTSB’s leadership and program structure and lists the agency’s office location and resources; and presents a brief synopsis of the agency’s most significant challenges, as determined by management, and the specific actions planned and/or taken to address them.

### **Performance Highlights**

Performance Highlights summarizes the NTSB’s strategic goals, objectives, data validation and verification processes, and performance results.

### **Financial Highlights**

Financial Highlights summarizes the agency’s finances, including an analysis of the audited financial statements, the sources and uses of NTSB funds, and the limitations of the financial statements.

### **Management Assurances, Systems, Controls, and Legal Compliance**

Management Assurances, Systems, Controls, and Legal Compliance provides management’s assessment and assurance on the NTSB’s internal controls under the *Federal Managers’ Financial Integrity Act (FMFIA)* and the agency’s conformity with other financial laws and regulations.

## Agency Overview

### Mission

Our core mission at the NTSB is making transportation safer by conducting independent accident investigations, advocating safety improvements, and deciding airmen and mariners' certification appeals.



**Figure 1** Board Members of the National Transportation Safety Board (seated on stage) ask questions of the investigative staff (seated left) during a public Board Meeting.

Our status as an independent government agency makes the NTSB 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 Federal Aviation Administration (FAA), the Federal Railroad Administration, the Federal Highway Administration, and the 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. 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 our investigations. Our only objectives are 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 is a key reason why state and local governments, federal agencies, and even foreign countries welcome and encourage us to lead important accident investigations. Actions to correct deficiencies that contribute to accidents are often identified early in the investigative process. We strongly support and encourage voluntary efforts to effect safety changes, and we work with parties to implement such changes. In other situations, we invoke the more formal process of issuing safety recommendations, which ask government agencies, parties to the investigation, or other entities to act to improve safety. Some of these recommendations are issued during an accident investigation. In other cases, we make safety recommendations at the conclusion of the investigative process and incorporate them into the official accident report.

## Our Legislative Mandate

The NTSB's congressional mandate requires that the agency act independently and objectively in the conduct of accident investigations and safety studies, perform fair and objective pilot and mariner certification appeals, advocate for and promote safety recommendations, and assist victims of transportation accidents and their families.

## Our Core Values

NSTB employees display their commitment to our core organizational values of Integrity, Transparency, Independence, and Excellence.

## Our History

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

- All US civil aviation accidents and certain public aircraft accidents.
- Select highway accidents.
- Railroad accidents involving passenger trains or select 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.
- Select accidents resulting in the release of hazardous materials in any mode of transportation.
- Select 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 take these additional actions:

- 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 an official US census of aviation accidents and incidents.
- Review appeals from individuals and entities who have been assessed civil penalties by the FAA.
- Review appeals from airmen and merchant seamen whose certificates have been revoked or suspended by the FAA and the US Coast Guard, respectively.

The NTSB also leads US 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 the NTSB the responsibility of coordinating federal government resources to support local and state governments, disaster relief organizations, and transportation carriers to address the concerns of accident survivors and family members following



air carrier accidents that have occurred in the United States or its territories resulting in a loss of life (Title 49 *United States Code* [U.S.C.] § 1136). The rail passenger disaster family assistance provisions of the *Rail Safety Improvement Act of 2008* assigned the NTSB similar responsibilities for rail passenger disasters resulting in a loss of life (49 U.S.C. § 1139). In 2018, the agency's family assistance responsibilities expanded as a result of the agency's reauthorization, which includes a new section that obligates the NTSB, to the maximum extent practicable, to provide information regarding our investigative processes and products to the families of individuals involved in any accidents we investigated by the NTSB in advance of the media (49 U.S.C. § 1140). Currently, the primary focus of agency efforts is to ensure compliance for accidents involving fatalities.

To date, the NTSB has investigated more than 146,000 aviation accidents and thousands of surface transportation accidents. On call 24 hours a day, 365 days a year, our investigators have traveled throughout the United States and to every corner of the world to perform investigations. Because of this dedication, we are recognized as the world's leading accident investigation agency.

We have issued more than 14,900 safety recommendations to more than 2,400 recipients in all transportation modes resulting from our accident investigations. Since 1990, we have published the Most Wanted List (MWL) of Transportation Safety Improvements, which highlights safety-critical actions that the DOT modal administrations, the Coast Guard, the states, and other entities should take to help prevent accidents and save lives.

We are not authorized to regulate transportation equipment, personnel, or operations or to initiate enforcement actions. However, because of our reputation for objectivity and thoroughness, many safety features currently incorporated into airplanes, helicopters, automobiles, commercial motor vehicles, trains, pipelines, and marine vessels had their genesis in NTSB safety recommendations.

The NTSB is headquartered in Washington, DC. We also have investigators located in offices in Ashburn, Virginia; Denver, Colorado; Anchorage, Alaska; and Federal Way, Washington, as well as investigators located throughout the country who telework. The agency's training center is in Ashburn, Virginia.

## **The NTSB's Vital Role in Transportation Safety**

With the responsibility vested by Congress to investigate every civil aviation accident in the United States and significant accidents in other modes of transportation—railroad, highway, marine, and pipeline—the NTSB determines the probable causes of accidents and develops recommendations that will prevent future accidents or reduce their effects in terms of injury, loss of life, or damage to property. Safety recommendations are a focal point of our effort to improve the safety of the nation's and the world's transportation systems; they are issued to agencies, industry, and other organizations able to effect change. The NTSB promotes transportation safety, assists victims of transportation accidents and their families, conducts safety studies, and prepares accident reports based on investigation and analyses of transportation accident and incident data. Our investigations are used to determine factors common to a series of events and to identify safety improvements or evaluate the effectiveness of transportation-related devices or policies. Safety studies enhance the agency's corporate knowledge, enabling us to better perform our transportation safety mission. Additionally, we serve as the appellate authority for enforcement actions involving aviation and mariner certificates issued by the Federal Aviation Administration (FAA) and US Coast Guard, as well as the appeals of civil penalty actions taken by the FAA.

## Organizational Structure, Locations, and Resources

Our organizational structure is designed around sound business and management principles. The NTSB Chairman serves as the chief executive officer for the agency. The Chairman, Vice Chairman, and Board Members review and approve major accident reports, safety studies, safety recommendations, and safety alerts and provide appellate review of FAA certificate and certain civil penalty actions, as well as Coast Guard license actions. They also preside over accident or other transportation safety hearings, testify before congressional committees, and may act as the on-scene agency spokesperson during accident investigations.

## The Board

The authority of the National Transportation Safety Board is vested in a Board of five Members, with each Member nominated by the President and confirmed by the Senate to serve 5-year terms. One Member is separately nominated by the President and confirmed by the US Senate to serve as Chairman and another is designated by the President as Vice Chairman, each for a 3-year term. When there is no designated Chairman, the Vice Chairman serves as acting Chairman. Currently, we have three Board Members.



Honorable  
Robert L. Sumwalt, III  
**Chairman**



Honorable  
Bruce Landsberg  
**Vice Chairman**



Honorable  
Jennifer Homendy  
**Board Member**

## Policy and Direction

The agency's responsibilities are executed through five areas: the Office of the Chief Financial Officer; the Office of the General Counsel; the Office of the Managing Director; the Office of Safety Recommendations and Communications; and the Office of Equal Employment Opportunity, Diversity, and Inclusion.

In FY 2019, the NTSB employed staff in 399 full-time equivalent positions (FTEs).

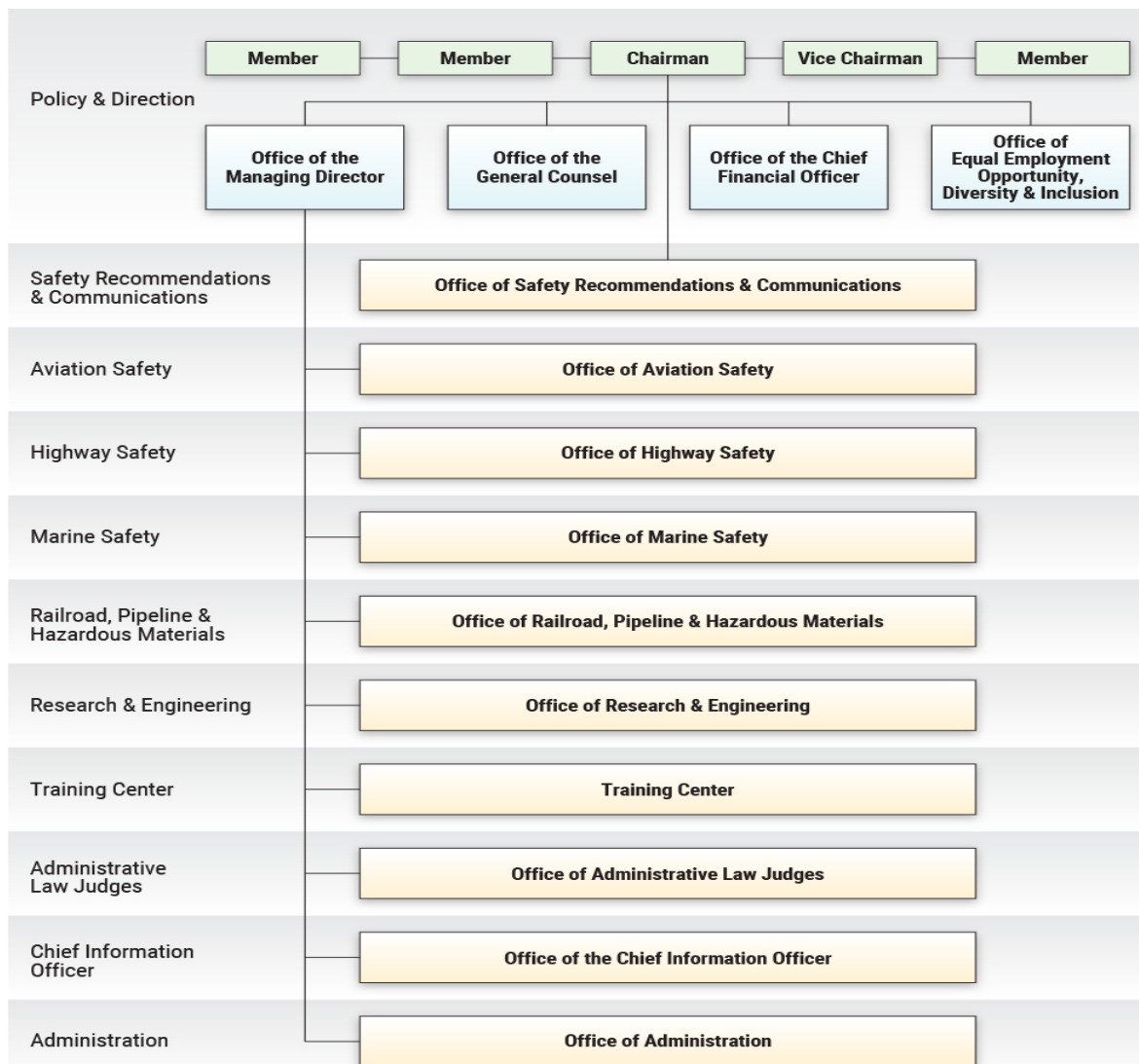


Figure 2 NTSB Organization Chart

## Office of the Managing Director (MD)

The Office of the MD assists the Chairman in the discharge of executive and administrative functions. The office coordinates activities of the entire staff, manages the day-to-day operation of the agency, and develops and recommends plans to achieve program objectives. The MD is responsible for the overall leadership, direction, and performance of the agency, as well as its communications and organizational efficiency, including oversight of the NTSB Response Operations Center. The center provides support 24 hours a day, 365 days a year, for agency-wide operational requirements, including accident launches and the collection and dissemination of information related to transportation accidents and incidents.

Additionally, two organizational units reside within the Office of the MD. The Training Center manages workforce development and external training functions. The Executive Secretariat is responsible for managing the voting process for Board Members and for the processing and archiving of external correspondence.

## Office of the General Counsel (GC)

GC provides advice and assistance on legal aspects of policy matters, legislation, testimony, NTSB rules, and ethics. The office also provides objective review of airman appeals of certificate actions and certain civil penalties and seaman license actions, acting on behalf of the agency on particular procedural aspects of enforcement cases; makes decisions as to the release of official information pursuant to the requests or demands of private litigants, courts, or other authorities for use in litigation not involving the United States; ensures compliance with statutes concerning public access to information through publication of NTSB decisions and releases under the *Freedom of Information Act* (FOIA); drafts all rulemaking and interpretive guidance; provides counsel and staff assistance to the US Department of Justice when the NTSB is a party to judicial proceedings; and provides internal legal assistance and guidance regarding accident and incident investigations, hearings, appearances as witnesses, the acquisition of evidence by subpoena and other means, and the taking of depositions.

## Office of the Chief Financial Officer (OCFO)

The OCFO manages NTSB financial resources, develops the agency's budget requests for submission to the OMB and Congress, and executes the budget for resources Congress appropriates to the agency. The OCFO also prepares the agency's financial statements as required by the Accountability of Tax Dollars Act, oversees property and inventory control programs, and analyzes the fee structure for services that the agency provides on a reimbursable basis. Additionally, the OCFO is responsible for ensuring compliance with the Federal Managers' Financial Integrity Act.

## Office of Equal Employment Opportunity, Diversity, and Inclusion (EEODI)

EEODI advises and assists the Chairman and NTSB office directors in carrying out their responsibilities related to Title VII of the *Civil Rights Act of 1964*, as amended, and other laws, executive orders, and regulatory guidelines affecting diversity development, and the processing of Equal Employment Opportunity (EEO) complaints. These services are provided to managers, employees, and job applicants through a combination of full-time staff, collateral-duty employees, and volunteer managers of our special emphasis programs. To maintain the integrity and impartiality of the agency's EEO complaints resolution program, external EEO counselors and investigators are contracted to help employees and job applicants who file formal or informal complaints of alleged discrimination. In addition, the office manages an

alternative dispute resolution program. EEODI services also include providing required educational training to NTSB staff, raising diversity awareness at the agency, engaging in targeted outreach, helping with internal recruitment initiatives, and providing career enhancement advisory services.

## Office of Safety Recommendations and Communications (SRC)



**Figure 3** The NTSB Safety Advocacy Division helps to kick off National Teen Driver Safety Week in October with NTSB representation at a National Organizations for Youth Safety event in Maryland.

SRC comprises six divisions: Safety Advocacy, Safety Recommendations, Media Relations, Government and Industry Affairs, Transportation Disaster Assistance, and Digital Services. SRC ensures that information regarding NTSB investigations, activities, advocacy, and safety recommendations is accurately and effectively communicated to a range of stakeholders, including elected officials and their staffs at the federal, state, and local levels; industry representatives; media; victims of transportation accidents and their families; and the public. SRC's mission begins at the scene of an accident, continues through the NTSB accident investigation and the resulting issuance of one or more safety recommendations, and is maintained through advocacy efforts to secure favorable action on safety recommendations that have not yet been implemented. In addition to traditional communication methods, the office uses digital and social media to facilitate robust public and stakeholder engagement.

## Office of Aviation Safety (AS)

The mission of AS is to—

- Investigate all air carrier, commuter, and air taxi accidents and certain serious incidents; fatal and nonfatal general aviation accidents and serious incidents; unmanned aircraft systems and public aircraft accidents and serious incidents; and commercial space launch/reentry accidents.
- Participate in the investigation of aircraft accidents that occur in foreign countries involving US carriers, US-manufactured or -designed equipment, or US-registered aircraft to fulfill US obligations under ICAO agreements.
- Investigate safety issues that extend beyond a single accident to examine specific aviation safety problems from a broader perspective.

AS conducts investigative activities through five specialty divisions based in Washington, DC, and a regional investigation management structure consisting



**Figure 4** An NTSB air safety investigator surveys some of the wreckage of the Cessna 414 that crashed in Yorba Linda, California.



of four regions. Investigators are located throughout the country. International aviation activities are coordinated from the Washington, DC, office.

## Office of Highway Safety (HS)



**Figure 5** An NTSB investigator documents the damage to the guardrail on the highway where a tour bus crashed in a Sept. 20, 2019, single-vehicle accident near Bryce Canyon City, Utah.

HS investigates accidents that have significant safety implications nationwide, highlight national safety issues, involve a large loss of life, or generate high interest because of their circumstances. Such accidents may include collapses of highway/pedestrian bridges or tunnel structures, mass casualties and injuries that occur on public transportation vehicles (such as motor coaches and school buses), and collisions at highway–railroad grade crossings. HS also investigates accidents that involve new safety issues or technologies (such as automated vehicles and alternatively fueled vehicles) and conducts special investigative reports based on trends emerging from NTSB accident investigations and from research and

data that identify common risks or underlying causes of crashes, injuries, and fatalities.

The NTSB is the only organization that performs independent, comprehensive, and transparent multidisciplinary investigations to determine the probable causes of highway accidents, with the goal of making recommendations to prevent similar accidents. Our investigations result in recommendations that, if implemented, reduce or eliminate the risks identified in the investigations and provide policymakers with unbiased analysis.

HS comprises the Investigations Division and the Report Development Division.

## Office of Marine Safety (MS)

MS investigates and determines the probable cause of major marine casualties in US territorial waters, major marine casualties involving US-flagged vessels worldwide, and accidents involving both US public and nonpublic vessels in the same casualty. In addition, the office investigates select catastrophic marine accidents and those of a recurring nature.

The Coast Guard conducts preliminary investigations of all marine accidents and notifies the NTSB when an accident qualifies as a major marine casualty, which includes any one of the following:

- The loss of six or more lives.
- The loss of a mechanically propelled vessel of 100 or more gross tons.
- Property damage initially estimated to be \$500,000 or more.
- A serious threat, as determined by the Commandant of the Coast Guard and concurred in by the NTSB Chairman, to life, property, or the environment by hazardous materials.

For select major marine casualties, MS launches a full investigative team and presents the investigative product to the Board. For all other major marine casualties, the office launches a field team of marine investigators to the scene to gather information to develop a marine accident brief. Most of these brief investigation reports are issued by the MS Director through delegated authority; briefs involving public/nonpublic marine accidents and those briefs that result in safety recommendations are adopted by the Board. MS is also responsible for the overall management of the NTSB's international marine safety program, under which the office investigates major marine casualties involving foreign-flagged vessels in US territorial waters and those involving US-flagged vessels anywhere in the world. Accidents involving foreign-flagged vessels accounted for 29 percent of NTSB marine accident investigations over the past 5 years. Under the International Maritime Organization (IMO) *Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident* (Casualty Investigation Code), MS also participates with the Coast Guard as a substantially interested state in investigations of serious marine casualties involving foreign-flagged vessels in international waters. For example, the NTSB often participates in accident investigations that involve foreign-flagged cruise ships with US citizens on board. Every year, about 12 million US citizens travel on board these ships.



**Figure 6** The uninspected towing vessel *Ms. Nancy C* awaits salvage following the sinking of the vessel near Dyersville, Tennessee.

The MS international program involves reviewing US administration position papers related to marine accident investigations and participating in select IMO meetings. During the past year, MS staff attended IMO meetings covering such topics as the review and classification of maritime accidents and accident reporting, the certification and training of mariners, ship design standards, and the technical standards and requirements for voyage data recorders.

As part of the international program, MS coordinates with other US and foreign agencies to ensure consistency with IMO conventions, most notably for joint US/flag-state marine accident investigations.

MS also cooperates with other accident investigation organizations worldwide, such as the Marine Accident Investigators' International Forum (MAIIF), and tracks developments related to marine accident investigations and prevention.

The NTSB is the only federal organization that performs independent, comprehensive, and transparent multidisciplinary investigations to determine the probable cause of marine accidents, with the goal of making safety recommendations to prevent similar accidents. The thoroughness and independence of our investigations maintain public confidence in marine transportation systems and provide policymakers with unbiased analysis.

MS comprises the Office of the Director (Director, Deputy Director, Program Management Officer, and Administrative Officer), the Marine Investigations Division, and the Product Development Division.

## Office of Railroad, Pipeline, and Hazardous Materials Investigations (RPH)



**Figure 7** An aerial view of a burned-out home impacted by natural gas explosion and fire in Merrimack Valley, Massachusetts. The photo was captured by a drone operated by an NTSB investigator to document the damaged caused by the explosions and fires.

RPH comprises four divisions: Railroad, Pipeline and Hazardous Materials, System Safety, and Report Development. The office investigates accidents involving railroads, pipelines, and hazardous materials, and evaluates the associated emergency response.

Based on these investigations, the NTSB may issue safety recommendations to federal and state regulatory agencies, unions, 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 also issues Safety Alerts to industry.

## Office of Research and Engineering (RE)

RE is an investigative office providing scientific and technical expertise for NTSB accident investigations in all modes of transportation. The office, which includes four divisions and two program areas, also conducts safety research, generates periodic statistical reviews of aviation accidents, and provides medical and toxicology expertise for investigations in all modes.



**Figure 8** A flight data recorder being disassembled and inspected by an NTSB engineer from the Office of Research and Engineering at the NTSB laboratory in Washington, DC.



## Office of Administrative Law Judges (ALJ)

The NTSB serves as the court of appeals for airmen and aircraft mechanics against whom the FAA has taken a certificate action, and for mariners against whom the Coast Guard has taken a certificate action. The ALJ hear, consider, and issue initial decisions on administrative appeals regarding FAA aviation enforcement actions, including orders issued by the FAA Administrator amending, modifying, suspending, or revoking, in whole or in part, certificates of airmen, air agencies, and air carriers for alleged violations of the *Federal Aviation Regulations* or for lack of qualifications. The ALJ also hear appeals of FAA actions denying applications for the issuance or renewal of airman certificates, including airman medical certificates, as well as certain FAA civil penalty orders issued against individuals, pilots, flight engineers, mechanics, or repairmen where the amount in dispute is less than \$50,000. In addition, the judges adjudicate claims under the *Equal Access to Justice Act* for fees and expenses stemming from FAA certificate and civil penalty actions.



**Figure 9** NTSB Chief Administrative Law Judge, the Honorable Alfonso Montano, presiding over a case.

The NTSB currently has three judges assigned to headquarters in Washington, DC, (including one who teleworks full time from Arlington, Texas), and one judge located in the Denver Regional Office. The Pilot's Bill of Rights, Public Law No. 112-53 (August 3, 2012), requires judges to apply the Federal Rules of Evidence and Federal Rules of Civil Procedure to their proceedings. Either the certificate holder or the FAA can appeal a judge's decision in these cases to the five-Member Board. The Board's review on appeal of an administrative law judge's decision is based on the record of the proceeding, which includes hearing testimony (the transcript), exhibits, the judge's decision, and appeal briefs submitted by the parties.

The FAA has the right to appeal the Board's decisions to the US Court of Appeals when it determines that the decisions "will have a significant adverse impact" with respect to aviation safety duties and powers designated to be carried out by the FAA. Under the Pilot's Bill of Rights, airmen and mechanics now also have the right to appeal all adverse Board decisions to a US District Court or to a US Court of Appeals. The District Court's review of the Board's decision is based on the evidence from the record before the Board, including hearing testimony, transcripts, exhibits, decisions, and briefs submitted by the parties. The Court of Appeals has the power to affirm, modify, or set aside the decision, in whole or in part, or, if the need is determined, to order further proceedings by the Board. The decision of the Court of Appeals is subject to review by the US Supreme Court on writ of certiorari.

Section 716 of the *Aviation Investment and Reform Act* for the 21st Century, Public Law 106-181 (April 5, 2000), expanded the NTSB's jurisdiction to include, upon petition by the affected certificate holder, reviews of FAA designations of safety enforcement actions as emergencies that require the order to be effective immediately. The Board has delegated this review authority to its administrative law judges. However, in the event of an appeal to the Board from a law judge's decision on the merits of the emergency or other immediately effective order, the Board may, at its discretion, note in its order

disposing of the appeal its views on the law judge's ruling on the petition, and such views serve as binding precedent in all future cases. The Pilot's Bill of Rights provides for substantive independent and expedited review by the US District Court of any decision by the FAA Administrator to make such an order effective immediately.

An ALJ must issue an Oral Initial Decision regarding the appeal of an emergency order or an immediately effective order within 30 days of receipt. If the law judge's decision is appealed to the full Board, an Opinion and Order must be issued within 60 days of the appeal's initial receipt.

Marine certificate actions are heard first by the Coast Guard administrative law judges and may then be appealed to the Vice Commandant of the Coast Guard. The ruling of the Vice Commandant may in turn be appealed to the NTSB's full Board. The same higher appellate process is followed for marine certificate actions.

### Office of the Chief Information Officer (OCIO)

The OCIO provides strategic direction and operational support for NTSB information systems and develops and distributes programs and products for use by the agency and the public. The office consists of four divisions: Computer Services Division, Systems Support Division, Records Management Division, Enterprise Architect Division, and one program area, Information Technology Security.

### Office of Administration

The Office of Administration coordinates and manages infrastructure and support activities for the NTSB, providing support in the areas of human resource management, labor relations, facilities management, safety, security, and acquisition and lease management. Physical inventory, shipping and receiving, and management of the NTSB conference and training center facilities are also major functions. Four divisions carry out the office's work: Administrative Operations and Security, Acquisition and Lease Management, Human Resources (HR), and Safety.



## US Regional Presence

The NTSB's headquarters office is in Washington, DC. In addition to the investigators located in the regional offices in Anchorage, Alaska; Federal Way, Washington; Denver, Colorado; and Ashburn, Virginia. Investigative staff also work remotely throughout the country.

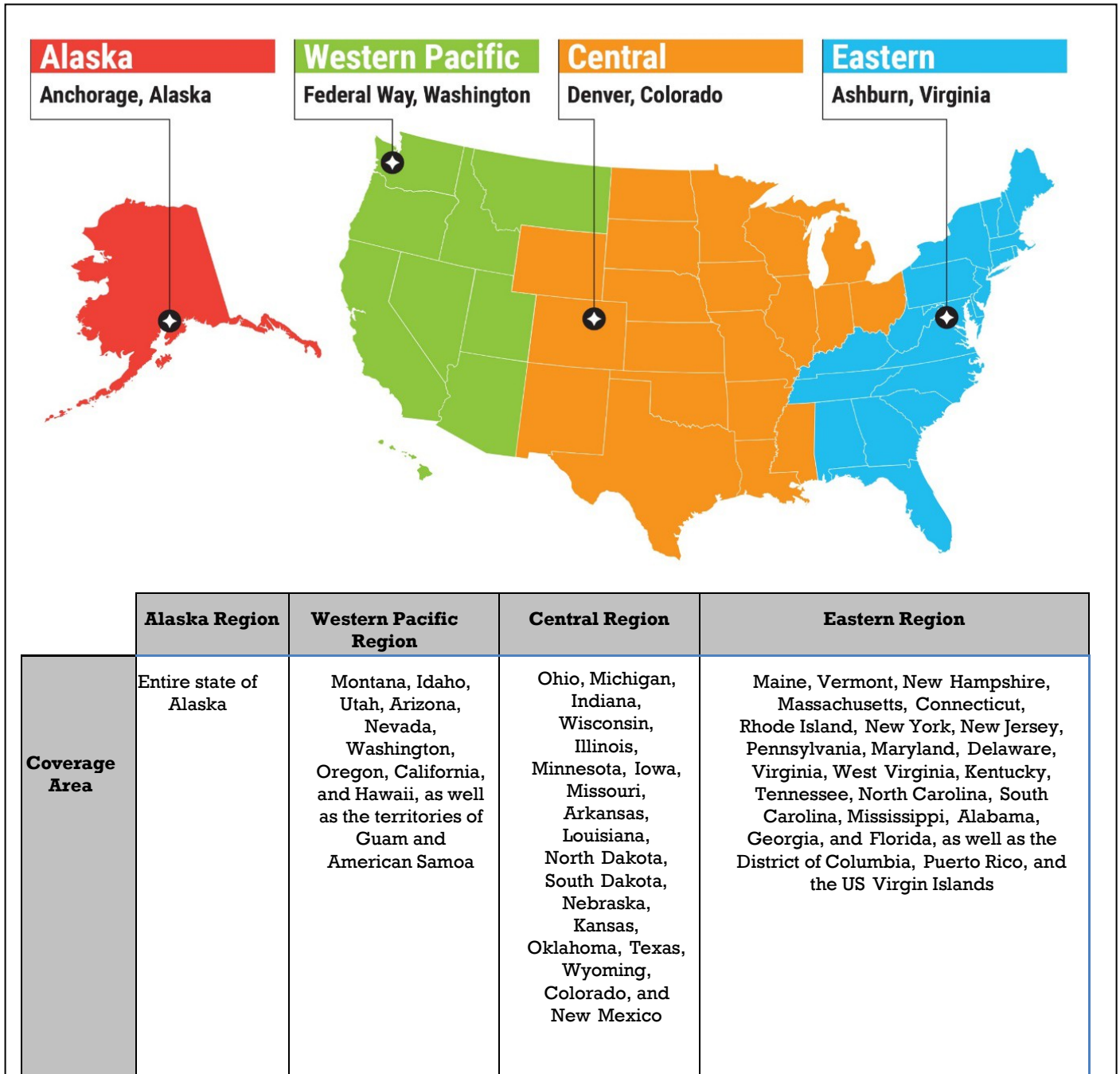


Figure 10 NTSB Regional Field Offices

### Sources of Funds

As authorized by 5 *United States Code (U.S.C.) 3109*, the NTSB receives an annual Salaries and Expenses appropriation. For 2019, the NTSB's enacted appropriation was \$110,400,000. In addition, the NTSB received \$1,100,000 in discretionary reimbursable spending authority for reimbursable activities with other federal agencies, state and local governments, and the public for services determined to be appropriately provided by the NTSB. All fees imposed for services are to be credited as offsetting collections to the account that financed the activities and services. Fees collected are only available to pay the costs of activities and services for the fees imposed and shall remain available until expended.

**Total Budget Authority (BA)  
(in Millions)**

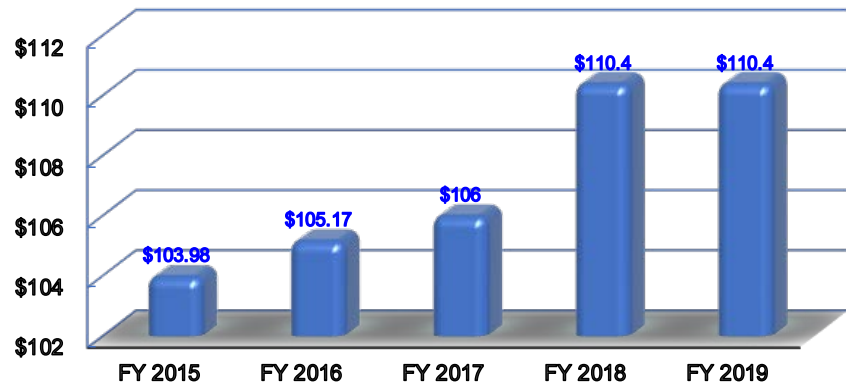


Figure 11 Total Budgetary Authority for most recent five years.

**Use of Funds by Budget Object Classification Codes (BOCs)  
(in Thousands)**

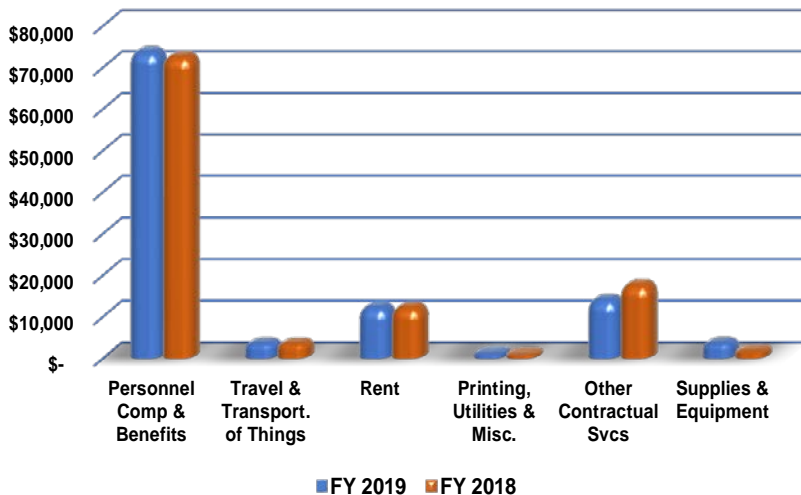


Figure 12 represents the NTSB's FY 2019 obligations by personnel and non-personnel costs. Personnel costs, which primarily comprise salaries and employee benefits, accounted for 68 percent of NTSB costs. The remaining 32 percent was spent on non-personnel items such as equipment and infrastructure, software, hardware, office rent, building security, travel, and other related costs.

Figure 12 Salaries and Expenses Appropriation Fund by Budget Object Classification (000s)

## Forward-Looking Information

NTSB management actively seeks and implements new methods to ensure that the agency optimizes operations to be more effective and efficient, including instituting measures to complete accident investigations as expeditiously as possible while continuing to advocate effectively and efficiently for successful adoption of our safety recommendations. We are proud of our success, but we know there is much we can do better and we continue to seek to achieve those improvements.

### ***The People***

We constantly strive to deliver on our mission and promote activities that will foster organizational growth and success. The completion of accident investigations in a timely fashion is the agency's No.1 goal. But to achieve this objective, we must focus on our people. The NTSB strives to maintain a high performing, highly skilled, diverse, engaged, and flexible workforce. We are committed to training our staff to keep pace with the rapidly evolving changes in transportation technology and acquiring the training and other resources needed to make sure we are well prepared to continue to be the world's leading transportation safety organization.

### ***The Tools***

Investments in technological advances include the design, development, and implementation of the System of Analysis of Federal Transportation Investigations. This system will standardize accident investigation data collection across all modes of transportation, allow ease of access, and provide valuable data analytics. Our investigators, engineers, and scientists will be able to utilize this new system functionality to produce a variety of data and unstructured information including text, images, and audiovisual files. The deployment of this system will lead to more effective investigations, better research, clear and relevant safety recommendations, and critical communications to the transportation industry and on a broader stage to the general public around the globe.

The agency is also poised to upgrade our Docket Management System. This system, which is available to the public, houses data related to accident investigation management. Upon completion of the required upgrades, the public and other stakeholders will experience improved customer service.

### ***The Products***

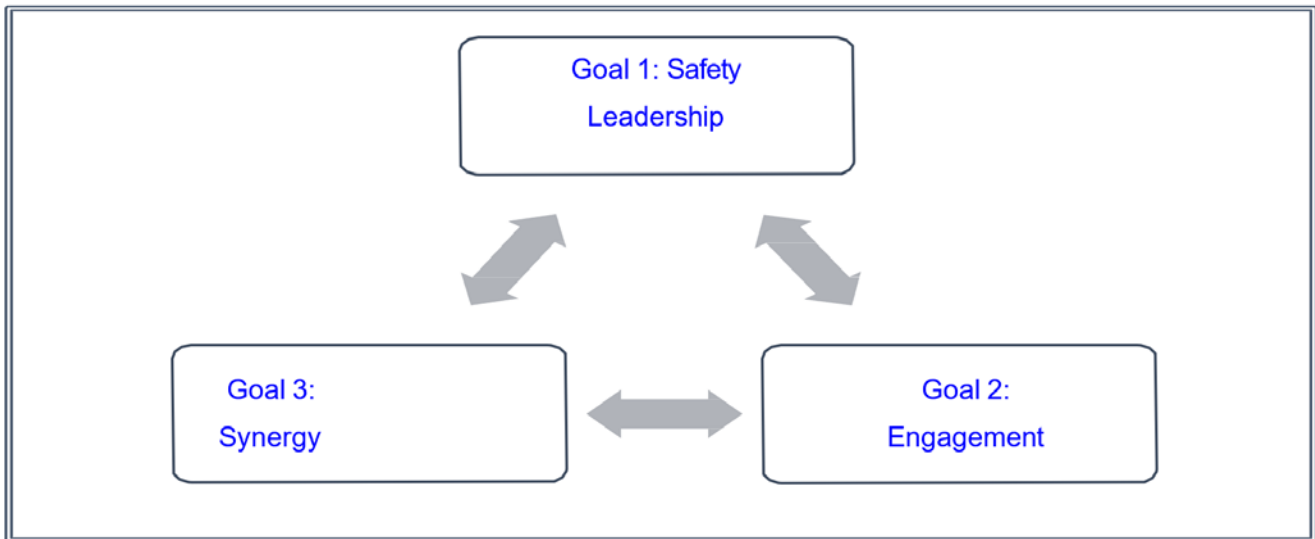
As we continue to promote transportation safety and make recommendations, we announced the *2019 – 2020 Most Wanted List (MWL) of Transportation Safety Improvements* on Feb. 4, 2019. At that time, we detailed 267 open safety recommendations that would have the greatest impact on reducing and preventing accidents and the injuries and fatalities caused by those accidents. We took this initiative a step further by highlighting the “*Focused 46*,” a list of 46 of the most critical safety recommendations that will be our primary focus during this 2-year MWL cycle.

We are committed and passionate about our mission. We will continue to strive to ensure that we identify the probable causes for the accidents and incidents we investigate and that we propose and effectively advocate recommendations that substantially reduce or eliminate the risks of similar events occurring in the future.

## Performance Goals, Objectives, and Results

### Strategic Goals Overview

The NTSB developed a new strategic plan in 2017 to encompass FY 2019. This plan identifies three priority strategic goals and six related objectives that influence the day-to-day work at the NTSB. The three priority strategic goals are these:



**Figure 13** NTSB Priority Strategic Goals

#### 1) FY 2018 to FY 2019 Performance Metric Changes

As we continued to implement our new strategic plan, we updated our performance metrics to reflect our new priority goals. Many measures were either created, deleted, or revised to enhance our priorities for FY 2019. Several FY 2018 metrics were substantially revised in FY 2019 to accommodate these changes, which affected our targets from previous years as well as those going forward. Some activities were moved to other metrics or were created as separate metrics. Our target adjustments now better reflect these changes. The table below summarizes the difference in the metrics between the 2 fiscal years.

FY 2018		FY 2019	
<b>Total Metrics</b>	<b>14</b>	<b>Total Metrics</b>	<b>18</b>
New	8	New	6
Revised	5	Revised	8
No Changes	1	No Changes	4

**Figure 14** Performance Metric Changes Summary Between Fiscal Years

#### 2) Management Reviews

The NTSB use a quarterly, data-driven, strategic review process. Performance goals and metrics are assigned to a goal leader, who is responsible for tracking the goal's progress, reporting the results, and

making operational adjustments. The Office of the Managing Director (MD) coordinates these quarterly reviews, analyzes the data, and reports to senior leadership at various intervals throughout the year.

### 3) Data Management and Reliability

Data management and reliability are important in determining performance outcomes at the NTSB. The data are reviewed and verified by the agency's Strategic Management Program Manager and finalized with the Office of Managing Director. With the implementation of the strategic management communication tool, each office is responsible for entering its respective data into the web-based tracking system for each identified performance metric. Utilization of the system streamlines the strategic performance reporting process, supports the validation and verification of reported metrics, and creates a consistent and effective tool for data management, which provides reasonable assurances of the reliability and accuracy of all performance metric data.

### 4) Reporting on Progress

Continuous improvement rests on ongoing cycles of assessing performance, examining data, and employing lessons learned. Creating a culture of continuous improvement is at the heart of our efforts to achieve better performance results overall. Our new strategic management performance portal supports our goal of determining valid, reliable performance measures.

### 5) Assessment: Rating Scales and Success Criteria

The NTSB evaluates progress towards achieving its performance metrics by using success criteria based on milestone achievement, combined with explanations of the performance and sources provided by program officials, to review and validate each metric's results and ratings.

#### ***Key Factors Affecting Strategic Goal Achievement***

The NTSB's ability to achieve our strategic goals may be influenced by the changing balance of industry operations; other federal, state, and local government activities; national priorities; market forces; and resource availability. The following factors affected strategic goal achievement for FY 2019:

- Advances in new technologies in all modes of transportation and in the transportation safety industry.
- The volume and complexity of pilots' and mariners' appeals.
- The volume and complexity of accident investigation and their related safety recommendations.
- Staff recruitment, retention, and development.
- Budgetary constraints, including fluctuations in appropriations.

### 6) Addressing the Challenges to Goal Achievement

We address these challenges through effective long-range planning, open communication, and improved employee engagement. Long-range planning in human capital management and core operations ensures that we are ready to deal with future investigative needs. Effective communication at all levels of the organization improves planning and process. We devote time and resources to thinking strategically, promoting employee engagement, and encouraging staff development. To achieve our long-term vision, we must effectively plan and communicate while



maintaining our primary commitment to improving transportation safety. We believe that the initiatives in place will provide the balance necessary for these strategic goals and priorities to be successful.

## Summary of Goals and Objectives

**Goal 1: Safety Leadership.** Serve as a global leader in conducting independent accident and incident investigations, producing studies, and creating products essential to improving transportation safety.

**Objective 1.1: Evolving Technology.** Increase agency awareness and implementation of emerging technologies in agency operations and investigations.

**Key Performance Indicator:** Define new technologies

**Performance Metric 1.1.1:** Define an emerging technology capability to improve agency operations and investigations.

HS and MS report on this metric.

**Performance Metric 1.1.2:** Implement emerging technologies to improve agency operations and investigations\*

AS, HS, MS, RPH, and RE report on this metric.

**Objective 1.2: Data Analytics.** Broaden the use of data and analysis to improve agency operations and investigations.

**Key Performance Indicator:** Expand the agency's data analytics program

**Performance Metric 1.2.1:** Implement the use of data analysis to improve agency operations and investigations\*

AS, HS, MD, MS, RPH, and RE report on this metric.

**Objective 1.3: Improve Transportation Safety.** Promote and enhance transportation safety through response, products, proactive approaches, and actions.

**Key Performance Indicator:** Contribution to transportation safety

**Performance Metric 1.3.1:** Number of products adopted by the Board<sup>1</sup>

AS, HS, MS, RPH, and RE report on this metric.

**Performance Metric 1.3.2:** Number of products to improve transportation safety

AS, HS, MS, RPH, RE, and SRC will report on this metric.

**Performance Metric 1.3.3:** Number of delegated briefs issued

AS, HS, MS, and RPH report on this metric.

**Performance Metric 1.3.4:** Number of international investigations or cooperative activities completed  
AS, MD, MS, RPH, RE and SRC report on this metric.

**Performance Metric 1.3.5:** Percentage of emergency cases closed within 27 days  
ALJ reports on this metric.

**Performance Metric 1.3.6:** Percentage of emergency opinions and orders submitted on time  
GC reports on this metric.

**Performance Metric 1.3.7:** Percentage of nonemergency cases closed within 180 days  
ALJ reports on this metric.

**Performance Metric 1.3.8:** Total of nonemergency enforcement backlog cases on hand.  
GC reports on this metric.

**Objective 1.4: Enterprise Risk Management.** Establish an enterprise risk management (ERM) program that is integrated with strategic planning and budgeting processes to improve agency operations and investigations.

**Key Performance Indicator:** Increase our enterprise risk expertise

**Performance Metric 1.4.1:** Develop an agency-wide risk-appetite statement<sup>\*</sup>  
OCFO and MD lead and report on this metric.

**Goal 2 Engagement. Engage external stakeholders to advance transportation safety.**

**Objective 2.1: Stakeholder Engagement.** Inform and influence external stakeholders

**Key Performance Indicator:** Stakeholder engagement

**Performance Indicator 2.1.1:** Number of outcome-oriented safety results and outreach activities provided to transportation safety stakeholders

ALJ, AS, CFO, GC, HS, MD, RPH, RE, and SRC report on this metric.

**Performance Indicator 2.1.2:** Number of safety results or accomplishments

AS, HS, MS, and RPH will report on this metric.

**Performance Indicator 2.1.3:** Number of stakeholder engagements implemented

AS, HS, MS, RPH, and SRC will report on this metric.

**Performance Indicator 2.1.4:** Number of engagements amplifying NTSB safety and advocacy messages

SRC leads and reports on this metric.

**Goal 3: Synergy.** Promote employee teamwork, innovation, and engagement to optimize operations.

**Objective 3.1: Empowerment.** Cultivate creativity and innovation across the agency through effective leadership

**Objective 3.2: Inclusive and Engaged Workforce.** Promote an inclusive and engaged workforce and eliminate barriers to equal employment opportunity

**Key Performance Indicator:** Enhance staff engagement and inclusiveness

**Performance Metric 3.2.1:** Number of employee engagement & EEO/Diversity outreach initiatives implemented

All offices report on this agency-wide metric.

**Performance Metric 3.2.2:** Increase the number of opportunities available in the *Connected Across the Board* agency rotational program

MD leads and reports on this agency metric. All offices will report on this metric.

## FY 2019 Performance Metrics Results at a Glance

Federal agencies evaluate the success of their programs by using performance indicators. For FY 2019, the NTSB identified 18 measures to assist in the evaluation and assessment of its progress toward achieving the strategic goals and objectives stated in the FY 2019 Annual Strategic Performance Plan which is published online at <https://www.nts.gov/about/reports/Documents/2019-Annual-Performance-Plan.pdf>.

As shown in the table below, NTSB met or exceeded 16 of its 18 performance measures.

Strategic Goal 1: Safety Leadership. Serve as a global leader in conducting independent accident and incident investigations, producing studies, and creating products essential to improving transportation safety.		FY 2019 Results		
		❖ Exceeded	○ Met	□ Not Met
<b>Key Performance Indicator 1.1:</b> Define new technologies				
1.1.1: Define an emerging technology capability to improve agency operations and investigations	❖ Exceeded			
1.1.2: Implement emerging technologies to improve agency operations and investigations	❖ Exceeded			
<b>Key Performance Indicator 1.2:</b> Expand the agency's data analytics program				
1.2.1: Implement the use of data analysis to improve agency operations and investigations	❖ Exceeded			
<b>Key Performance Indicator 1.3:</b> Contribution to transportation safety				
1.3.1: Number of products adopted by the Board	❖ Exceeded			
1.3.2: Number of products to improve transportation safety	❖ Exceeded			
1.3.3: Number of delegated briefs issued	❖ Exceeded			
1.3.4: Number of international investigations or cooperative activities completed	❖ Exceeded			
1.3.5: Percentage of emergency cases closed within 27 days	○ Met			
1.3.6: Percentage of emergency opinions and orders submitted on time	○ Met			
1.3.7: Percentage of non-emergency cases closed within 180 days	□ Not Met			
1.3.8: Total of non-emergency enforcement backlog cases on hand	□ Not Met			
<b>Key Performance Indicator 1.4:</b> Increase our enterprise risk expertise				
1.4.1: Develop an agency-wide risk-appetite statement	○ Met			

**Figure 15** Strategic Goal 1 Measure and Results

Strategic Goal 2: Engagement. Engage external stakeholders to advance transportation safety.	FY 2019 Results		
	❖ Exceeded	○ Met	□ Not Met
<b>Key Performance Indicator 2.1: Stakeholder engagement</b>			
2.1.1: Number of outcome-oriented safety results and outreach activities provided to transportation safety stakeholders	❖ Exceeded		
2.1.2: Number of safety results or accomplishments	❖ Exceeded		
2.1.3: Number of stakeholder engagements implemented	❖ Exceeded		
2.1.4: Number of engagements amplifying NTSB safety and advocacy messages	○ Met		

**Figure 16** Strategic Goal 2 Measure and Results

Strategic Goal 3: Synergy. Promote employee teamwork, innovation, and engagement to optimize operations.	FY 2019 Results		
	❖ Exceeded	○ Met	□ Not Met
<b>Key Performance Indicator 3.1: Enhance staff engagement and inclusiveness</b>			
3.2.1: Number of employee engagement and EEO/Diversity outreach initiatives implemented.	❖ Exceeded		
3.2.2: Increase the number of opportunities available in the <i>Connected Across the Board</i> agency rotational program.	○ Met		

**Figure 17** Strategic Goal 3 Measure and Results



## Financial Summary

### Discussion and Analysis of Financial Statements

The NTSB fiscal years' 2019 and 2018 financial statements report the agency's financial position and the results of operations on an accrual basis. These annual financial statements comprise a Consolidated Balance Sheet, a Consolidated Statement of Net Cost, a Consolidated Statement of Changes in Net Position, and a Consolidated Statement of Budgetary Resources along with related notes that provide a clear description of the agency, our mission, and the significant accounting policies used to develop the statements.

### 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 principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 USC 3515 (b). Although the statements have been prepared from the books and records of the entity in accordance with generally accepted accounting principles for federal entities and the formats prescribed by OMB, the 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 statements should be read with the awareness that they were prepared for a component of the US Government, a sovereign entity.

We present the following analysis of the Balance Sheet and significant changes:

BALANCE SHEET	FY 2019	FY 2018	Change	% Change
<b>Assets:</b>				
Fund Balance with Treasury	\$ 41.4	\$ 40.7	\$ 0.7	2%
Accounts Receivable, Net	0.1	0.1	-	0%
Property, Plant, and Equipment, Net	7.4	7.2	0.2	3%
Other Assets	-	0.1	(0.1)	-100%
<b>Total Assets</b>	<b>\$ 48.9</b>	<b>\$ 48.1</b>	<b>\$ 0.8</b>	<b>2%</b>
<b>Liabilities:</b>				
Accounts Payable	5.7	4.4	1.3	30%
Federal Employee Benefits	19.3	17.5	1.8	10%
Capital Lease Liability	6.7	8.2	(1.5)	-18%
Other Liabilities	0.2	0.3	(0.1)	-33%
<b>Total Liabilities</b>	<b>\$ 31.9</b>	<b>\$ 30.4</b>	<b>\$ 1.5</b>	<b>5%</b>
Unexpended Appropriations	23.3	25.2	(1.9)	-8%
Cumulative Results of Operations	(6.3)	(7.5)	1.2	-16%
<b>Net Position</b>	<b>\$ 17.0</b>	<b>\$ 17.7</b>	<b>\$ (0.7)</b>	<b>-4%</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 48.9</b>	<b>\$ 48.1</b>	<b>\$ 0.8</b>	<b>2%</b>

Figure 18 Analysis and Significant Changes for the Balance Sheet

We present the following analysis of the Statement of Net Cost, the Statement of Budgetary Resources, and significant changes:

COST BY PROGRAMS				
Aviation Safety	\$ 53.6	\$ 52.5	\$ 1.1	2%
Surface Transportation Safety	37.0	38.4	(1.4)	-4%
Research & Engineering	21.4	20.8	0.6	3%
Less: Earned Revenue	(1.1)	(1.2)	0.1	-8%
<b>Net Cost of Operations</b>	<b>\$ 110.9</b>	<b>\$ 110.5</b>	<b>\$ 0.4</b>	<b>0%</b>

BUDGETARY RESOURCES				
Unobligated Balance from Prior Year Budget Authority, Net	\$ 16.7	\$ 17.7	\$ (1.0)	-6%
Appropriations	110.4	110.4	-	0%
Spending Authority from Offsetting Collections	1.0	1.3	(0.3)	-23%
<b>Total Budgetary Resources</b>	<b>\$ 128.1</b>	<b>\$ 129.4</b>	<b>\$ (1.3)</b>	<b>-1%</b>

**Figure 19** Analysis and Significant Changes for the Statement of Net Cost and the Statement of Budgetary Resources

### Consolidated Statement of Net Cost

The Consolidated Statement of Net Cost represents the net cost to operate the agency. Net costs are composed of gross costs less earned revenues and are reported by the NTSB's major programs. The NTSB's FY 2019 net cost of operations was \$110.9 million: \$122.0 million in gross costs less \$11.1 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 2019 with a net position total of \$17.0 million.

### Combined Statement of Budgetary Resources

The Combined Statement of Budgetary Resources focuses on how budgetary resources (appropriated and reimbursable) 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 2019 budgetary resources totaled \$128.1 million and primarily consisted of budget authority funds of \$111.4 million and an unobligated balance of \$16.7 million.

## Management Assurances, Systems, Controls, and Legal Compliance

### Internal Control Framework

As stated in the Chairman's *Federal Managers' Financial Integrity Act* (FMFIA) Statement of Assurance, the NTSB has no material weaknesses or non-conformances to report for FY 2019. No new material weaknesses or significant non-conformances were identified for the past 4 years nor were there any existing unresolved weaknesses requiring corrective action. The NTSB has achieved the intent of the Act to prevent problems through systematic review and evaluation of the agency's programs and operations and through management and financial controls.

The NTSB conducts an annual review of the adequacy of our management accountability and controls program in accordance with the FMFIA and revised OMB Circular A-123 *Management's Responsibility for Enterprise Risk Management and Internal Control*.

The NTSB provides reasonable assurance that internal controls over the effectiveness and efficiency of operations, reliable financial reporting, and compliance with applicable laws and regulations were operating effectively and that, accordingly, our programs and resources are protected from waste, fraud, abuse, and mismanagement. This assurance includes certification that the appropriate policies and controls are in place to mitigate the risk of fraud and inappropriate charge card practices. The results of this review are included in the Chairman's Statement of Assurance sent to the President on September 27, 2019. The Chairman's assurance is based on NTSB Office Director Management Control Assurance Memoranda and NTSB responses to Office Directors' Risk Assessments for an accountability unit, conducted in accordance with the guidance in *OMB Circular A-123*.

The Senior Management Oversight Council (SMOC) composed of the Managing Director, General Counsel, Chief Financial Officer, Chief Information Officer, Director of the Office of Administration, and Director of the Office of Research and Engineering address management accountability issues within NTSB business and program operations. The SMOC provides input to the Chairman for use in preparing the annual assessment of, and report on, management controls as required by FMFIA and assists with coordinating independent third-party internal control assessments as needed. The CFO provides guidance on internal control assessments, including identification of scope and methodology, reviewing assessable unit risk assessments, and validating that corrective action plans are developed for all weaknesses identified and monitored for completion.

The NTSB also relies on the findings and results of audits and studies conducted by the DOT Office of the Inspector General; the US Government Accountability Office; independent audits of service providers' operations and financial systems performed in accordance with Statement on Standards for Attestation Engagements 18; 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*.

The NTSB continues to focus on our information technology (IT) security program and compliance with the *Federal Information Security Management Act* (FISMA). The agency continues to maintain an information security program to manage IT in accordance with National Institute of Standards and Technology

requirements and has developed, documented, and implemented an agency-wide information security program as required by OMB *Circular A-136* and FISMA. In FY 2019, an independent audit found the NTSB in compliance with FISMA requirements.

### *Anti-Deficiency Act (ADA)*

The ADA prohibits federal employees from obligating more than available under an appropriation, or before funds are available, or from accepting voluntary services. The NTSB had no ADA violations in FY 2019. As required by the ADA, the agency would notify all appropriate authorities of any ADA violations if one occurred.

### *Improper Payment Elimination and Recovery Act of 2010*

The *Improper Payments Elimination and Recovery Act of 2010* requires agencies to review annually all programs and activities, identify those that may be susceptible to significant improper payments, estimate annual improper payments in susceptible programs and activities, and report their results of improper payment activities. In accordance with OMB guidance, the NTSB performed a risk assessment and determined that none of the agency's programs or activities are susceptible to significant improper payments.

### *Digital Accountability and Transparency Act of 2014*

The *Digital Accountability and Transparency Act of 2014* (DATA Act) increased accountability and transparency in federal spending, making federal expenditure data more accessible to the public. It directs the federal government entities to utilize government-wide data standards for developing and publishing reports, and to make supplementary information, including award-related data, available. Additionally, the DATA Act accelerated the referral of delinquent debt owed to the federal government to the Treasury's Offset Program after 120 days of delinquency.

The NTSB aligned the Financial Management, Acquisition and Budget business lines that are operationally responsible for generating and validating submissions to ensure transparency, consistency, and compliance. The information is now available to the public for searching and extracting spending data across the government.

### **NTSB Financial Management Systems**

The NTSB financial management systems framework is driven by the objectives of Strategic Goal No. 1 of broadening the use of data analytics to improve decision-making by developing an operational and management strategy to inform decision-making. The systems framework is designed to provide outstanding mission support by efficiently utilizing and managing agency resources, and it emphasizes the agency's challenge to provide accurate, timely, and useful financial information to agency managers and staff to support effective decision-making.

The NTSB obtains hosting and application management services for its core financial system from the Department of the Interior, Interior Business Center (IBC), a federal shared-service provider. The core financial management system is based on Oracle U.S. Federal Financials, Release 12.1.3; the agency uses the general ledger, accounts payable, budget execution, acquisition, and reporting capability modules of the system.

The NTSB uses IBC's Federal Personnel/Payroll System (FPPS) services to process our payroll and personnel applications. The FPPS is a mainframe-based, portable, integrated, on-line, and real-time personnel and payroll system. The system is customer-driven, creating and generating the complete cycle of personnel and payroll transactions delivered in compliance with the Financial Systems Integration Office, the Office of

Personnel Management's Enterprise Human Resources Integration, and human resources and payroll systems requirements for payroll management activities. Financial data from FPPS is interfaced into the core financial management system on a biweekly basis.

The NTSB also uses the web-based travel management system E2 Solutions. The IBC provides operations and maintenance support for E2 Solutions, including a daily interface of financial data into the core financial management system.



## Section II – Auditor’s Report and Financial Statements

Message from the CFO

Inspector General’s Letter  
Transmitting Independent  
Auditors’ Report

Report of Independent Auditors

Management’s Response to the  
Independent Auditors’ Report

Financial Statements

Notes to the Financial  
Statements

Required Supplementary  
Information

**Figure 20** NTSB Board Member Jennifer Homendy tours the scene of a natural gas pipeline fire in downtown San Francisco, California



**Figure 21** Now-former NTSB Board Member Earl Weener and Highway Safety investigators get a demonstration of advanced vehicle safety technologies.

## Message from the Chief Financial Officer



It is my pleasure to report that during FY 2019, the National Transportation Safety Board continued to demonstrate our commitment to lead by example in government financial management. For the 17th consecutive year, since first being required by the *Accountability of Tax Dollars Act of 2002* to prepare audited financial statements, the NTSB received an unmodified (clean) opinion on our financial statements from the independent public accounting firm, (Allmond and Company, LLC) selected by the Department of Transportation Inspector General.

The financial statements that follow were prepared, audited, and made publicly available as an integral part of this PAR. These financial statements fairly present the NTSB's financial position and were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America and according to the guidance provided by the Office of Management and Budget (OMB).

In FY 2019, our efforts continued toward organizational excellence, which is defined by results. Progress for much of our efforts toward excellence is captured in the NTSB FY 2019 PAR. The PAR documents our agency results and demonstrates our commitment to fulfill the requirements of the Government Performance and Accountability Act, the Government Management Reform Act, and the Federal Managers' Financial Integrity Act. 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.

The attainment of the independent auditor's unmodified opinion of our financial statement demonstrates the CFO team's commitment to fiscal responsibility, transparency, and a continuous focus on minimizing risks at every level. We look forward to FY 2020 and beyond in making every effort to build upon our progress of strengthening and improving the NTSB's reporting components and enterprise risk management controls.

Edward Benthall

A handwritten signature in blue ink that reads "Edward Benthall". The signature is fluid and cursive, matching the printed name above it.

November 6, 2019

Office of Inspector General's Letter Transmitting Independent



U.S. DEPARTMENT OF TRANSPORTATION  
**OFFICE OF INSPECTOR GENERAL**

Quality Control Review of the  
Independent Auditor's Report on the  
National Transportation Safety Board's  
Audited Financial Statements for  
Fiscal Years 2019 and 2018

Report No. QC2020007

November 12, 2019



U.S. DEPARTMENT OF TRANSPORTATION  
OFFICE OF INSPECTOR GENERAL

## Highlights

### Quality Control Review of the Independent Auditor's Report on the National Transportation Safety Board's Audited Financial Statements for Fiscal Years 2019 and 2018

*Required by the Accountability of Tax Dollars Act of 2002*

QC2020007 | November 12, 2019

#### What We Looked At

We contracted with the independent public accounting firm Allmond & Company, LLC, to audit the National Transportation Safety Board's (NTSB) financial statements as of and for the fiscal years ended September 30, 2019, and September 30, 2018, and to report on internal control over financial reporting and compliance with laws and other matters. The contract requires the audit to be performed in accordance with U.S. generally accepted Government auditing standards, Office of Management and Budget audit guidance, and the Government Accountability Office's and Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*. In connection with the contract, we performed a quality control review of Allmond's report dated November 6, 2019, and related documentation, and inquired of its representatives.

#### What We Found

Our quality control review disclosed no instances in which Allmond did not comply, in all material respects, with U.S. generally accepted Government auditing standards.

#### Recommendations

Allmond made no recommendations.

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All OIG audit reports are available on our website at [www.oig.dot.gov](http://www.oig.dot.gov).

For inquiries about this report, please contact our Office of Government and Public Affairs at (202) 366-8751.

**NTSB \* Making Transportation Safer Yesterday, Today, Tomorrow**



U.S. Department of  
Transportation

Office of Inspector General  
Washington, DC

November 12, 2019

The Honorable Robert L. Sumwalt  
Chairman, National Transportation Safety Board  
490 L'Enfant Plaza, SW  
Washington, DC 20594

Dear Chairman Sumwalt:

I respectfully submit the results of our quality control review (QCR) of the independent auditor's report on the National Transportation Safety Board's (NTSB) audited financial statements for fiscal years 2019 and 2018.

We contracted with the independent public accounting firm of Allmond & Company, LLC, to audit NTSB's financial statements as of and for the fiscal years ended September 30, 2019, and September 30, 2018, and to report on internal control over financial reporting and compliance with laws and other matters. The contract requires the audit to be performed in accordance with U.S. generally accepted Government auditing standards, Office of Management and Budget audit guidance, and the Government Accountability Office's and Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*.<sup>1</sup>

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## Allmond's Report

In its audit of the fiscal years 2019 and 2018 financial statements of NTSB, Allmond reported that

- NTSB's financial statements<sup>2</sup> were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;

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<sup>1</sup> *Financial Audit Manual*, volumes 1, 2, and 3, GAO-18-601G, GAO-18-625G, and GAO-18-626G, June 2018.

<sup>2</sup> The financial statements are included in the Agency's Performance and Accountability Report (see attachment 3).

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- it found no material weakness<sup>3</sup> in internal control over financial reporting based on the limited procedures performed; and
- there were no instances of reportable noncompliance with provisions of laws tested or other matters.

Allmond did not make any recommendations (see attachment 1).

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## Quality Control Review

In connection with the contract, we performed a QCR of Allmond's report dated November 6, 2019, and related documentation, and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted Government auditing standards, was not intended to enable us to express, and we do not express, an opinion on NTSB's financial statements or conclusions about the effectiveness of internal control over financial reporting or compliance with laws and other matters. Allmond is responsible for its report and the conclusions expressed therein.

Our QCR disclosed no instances in which Allmond did not comply, in all material respects, with U.S. generally accepted Government auditing standards.

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## Agency Comments

Allmond provided NTSB with its draft report on November 4, 2019, and received NTSB's response dated November 6, 2018 (see attachment 2).

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## Actions Required

A response to this report is not required since Allmond did not make any recommendations.

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<sup>3</sup> A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

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

Sincerely,



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

cc: NTSB Chief Financial Officer

NTSB – 2019 Financial Statement Audit  
Contract: GS23F0111L/DTOS5916F10056

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**National Transportation Safety Board (NTSB)  
Fiscal Year 2019 Financial Statement Audit**

**Final Independent Auditors' Report**

*Submitted for review and acceptance to:*  
Kevin J. Kelly  
Contracting Officer's Representative (COR)  
Department of Transportation  
1200 New Jersey Avenue, SE  
Washington, DC 20590-0001

*Submitted by:*  
Jason L. Allmond, CPA, CGFM, CISA, CISM  
Engagement Partner  
Allmond & Company, LLC  
7501 Forbes Blvd., Suite 200  
Lanham, MD 20706  
301-918-8200  
[jallmond@allmondcpa.com](mailto:jallmond@allmondcpa.com)

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**Final Independent Auditors' Report**  
Prepared under contract to the Department of Transportation Office of Inspector General (DOT OIG) to provide financial auditing services

## Report of the Independent Auditors

NATIONAL TRANSPORTATION SAFETY BOARD  
AUDIT REPORT  
SEPTEMBER 30, 2019



**ALLMOND & COMPANY, LLC**  
Certified Public Accountants  
7501 Forbes Blvd., Suite 200  
Lanham, Maryland 20706  
(301) 918-8200



ALLMOND & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

7501 FORBES BOULEVARD, SUITE 200  
LANHAM, MARYLAND 20706

(301) 918-8200  
FACSIMILE (301) 918-8201

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the National Transportation Safety Board (NTSB), which comprise the balance sheets as of September 30, 2019 and 2018, the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended, and the related notes to the financial statements (hereinafter referred to as the financial statements).

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the fiscal year 2019 and 2018 financial statements of NTSB based on our audits. 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 Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

## Independent Auditors' Report

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Transportation Safety Board as of September 30, 2019 and 2018, and its net costs, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the information in the *Message from the Chairman, Message from the Chief Financial Officer, Management and Discussion Analysis* section, and *Required Supplementary Information* section of this report is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of NTSB's financial statements. However, we did not audit this information and, accordingly, we express no opinion on it.

### **Other Reporting Required by Government Auditing Standards**

#### *Internal Control over Financial Reporting*

In planning and performing our audit of NTSB's financial statements as of and for the year ended September 30, 2019, in accordance with generally accepted government auditing standards, we considered NTSB's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of NTSB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NTSB's internal control over financial reporting. We limited internal control testing to those necessary to achieve the objectives described in OMB Bulletin No. 19-03. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

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

Our consideration of internal control over financial reporting was for the limited purpose as described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over



## Independent Auditors' Report

financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our fiscal year 2019 audit we did not identify any deficiencies in internal control over financial reporting that we considered to be a material weakness, as defined above. However, material weaknesses may exist that have not been identified.

However, we noted two additional matters that we will report to NTSB management in a separate letter.

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether NTSB's fiscal year 2019 financial statements are free of material misstatements, we performed tests of NTSB's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements, which noncompliance could have a direct and material effect on the determination of material amounts and disclosures in NTSB's financial statements, and certain provisions of other laws specified in OMB Bulletin No. 19-03. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance as described in the preceding paragraph, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 19-03.

### **Purpose of the Other Reporting Required by Government Auditing Standards**

The purpose of the communication described in the Other Reporting Required by Government Auditing Standards section is solely to describe the scope of our testing of internal control and compliance with selected provision of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of NTSB's internal control or on compliance. This communication is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal controls and compliance with laws, regulations, contracts, and grant agreements which could have a material effect on NTSB's financial statements. Accordingly, this communication is not suitable for any other purpose.

*Allmond & Company, LLC*

Lanham, MD  
November 6, 2019

Independent Auditors' Report

Exhibit I  
Status of Prior Year Findings

The following table provides the fiscal year (FY) 2019 status of all recommendations included in the Independent Auditors' Report on the National Transportation Safety Board's FY 2018 Financial Statements (November 6, 2018).

FY 2018 Finding	FY 2018 Recommendation	FY 2019 Status
Ineffective Controls over User Access Privileges to Financial Systems (2018-01A)	<p><b>Recommendation:</b></p> <p>Improve the implementation and operating effectiveness of the agency's information system complimentary user entity controls.</p> <p>Specifically, we recommended that management:</p> <ol style="list-style-type: none"> <li>1. Redesign its provisioning process to require that when a user's access is modified a new system access request form is completed to reflect this change.</li> <li>2. Require the completion and submission of an OFF User Access Form to the service provider immediately upon separation of an OFF user from the agency and monitor agency separations on a weekly basis to align with user access termination policies in place for other agency information systems.</li> </ol>	<p style="text-align: center;">Closed</p> <p style="text-align: center;">Closed</p>

## Management's Response(s) to the Independent Auditors' Report



### **National Transportation Safety Board**

Washington, DC 20594

Office of Chief Financial Officer

November 6, 2019

To: Jason L. Allmond, Managing Partner  
Allmond & Company, LLC

From: Edward Benthall, Chief Financial Officer  
National Transportation Safety Board

A handwritten signature in blue ink, appearing to read "ER", is written over the name "Edward Benthall" in the "From:" line.

Subject: Response to the Draft Fiscal Year 2019 Financial Statement Audit Report

The National Transportation Safety Board (NTSB) has reviewed the draft *Fiscal Year 2019 Financial Statement Audit Report*, and we concur with the facts and conclusions stated in the report. We will share the final audit report with senior officials, other interested program managers, and staff.

Please convey my appreciation to everyone on your staff who worked diligently on our fiscal year 2019 financial statement audit.

If you have any questions or comments, please contact me, or Mr. Bill Mills at (202) 314-6265.

cc: George Banks, Program Director  
Financial Audits, Department of Transportation, Office of Inspector General

**NATIONAL TRANSPORTATION SAFETY BOARD**

Balance Sheet

As of September 30, 2019, and 2018

(in Dollars)

	FY 2019	FY 2018
<b>Assets</b>		
Intragovernmental:		
Fund balance with Treasury (Note 2)	\$ 41,407,458	\$ 40,683,078
Accounts receivable (Note 3)	24,797	80,701
Total Intragovernmental Assets	<u>41,432,255</u>	<u>40,763,779</u>
Accounts receivable, net (Note 3)	3,116	2,514
General property, equipment, and software, net (Note 4)	7,441,477	7,238,730
Other	-	56,568
<b>Total Assets</b>	<b><u>\$ 48,876,848</u></b>	<b><u>\$ 48,061,591</u></b>
<b>Liabilities</b>		
Intragovernmental:		
Accounts payable	\$ 681,313	\$ 906,500
Employer contributions and payroll taxes	624,597	558,671
Unfunded FECA liability (Note 5)	1,608,868	1,483,944
Total Intragovernmental	<u>2,914,778</u>	<u>2,949,115</u>
Accounts payable	5,020,427	3,463,243
Actuarial FECA liability (Note 5)	8,856,125	7,966,734
Employer contributions and payroll taxes	107,445	91,124
Accrued funded payroll & leave	2,422,396	2,023,844
Unfunded leave (Note 5)	5,716,314	5,392,825
Advances from others	160,224	266,134
Capital lease liability (Note 7)	6,690,404	8,223,324
<b>Total Liabilities</b>	<b><u>\$ 31,888,113</u></b>	<b><u>\$ 30,376,343</u></b>
<b>Net Position</b>		
Unexpended appropriations	\$ 23,258,798	\$ 25,192,645
Cumulative results of operations	(6,270,063)	(7,507,397)
<b>Total Net Position</b>	<b><u>\$ 16,988,735</u></b>	<b><u>\$ 17,685,248</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 48,876,848</u></b>	<b><u>\$ 48,061,591</u></b>

The accompanying notes are an integral part of these statements.

**NATIONAL TRANSPORTATION SAFETY BOARD**

**Statement of Net Cost  
For the Period Ending September 30, 2019, and 2018  
(in Dollars)**

	FY 2019	FY 2018
<b>Gross Program Costs (Note 9):</b>		
<b>Aviation Safety:</b>		
Gross costs	\$ 53,616,325	\$ 52,516,744
Less: earned revenue	<u>(565,089)</u>	<u>(603,614)</u>
Net program costs	<u>53,051,236</u>	<u>\$ 51,913,130</u>
<b>Surface Transportation Safety:</b>		
Gross costs	\$ 37,032,019	\$ 38,431,595
Less: earned revenue	<u>(379,235)</u>	<u>(382,538)</u>
Net program costs	<u>36,652,784</u>	<u>38,049,057</u>
<b>Research &amp; Engineering:</b>		
Gross costs	\$ 21,397,596	\$ 20,792,848
Less: earned revenue	<u>(222,792)</u>	<u>(206,750)</u>
Net program costs	<u>21,174,804</u>	<u>20,586,098</u>
<b>Net Cost of Operations</b>	<b><u>\$ 110,878,824</u></b>	<b><u>\$ 110,548,285</u></b>

The accompanying notes are an integral part of these statements.

**NATIONAL TRANSPORTATION SAFETY BOARD**  
**Statement of Changes in Net Position**  
**For the Period Ending September 30, 2019, and 2018**  
**(in Dollars)**

	FY 2019	FY 2018
<b>Unexpended Appropriations</b>		
Beginning balances	\$ 25,192,645	\$ 22,354,024
Adjustments: Correction of Errors	-	-
Beginning balances, as adjusted	<u>25,192,645</u>	<u>22,354,024</u>
<b>Budgetary Financing Sources:</b>		
Appropriations received	110,400,000	110,400,000
Other adjustments	(4,472,716)	(1,190,122)
Appropriations used	<u>(107,861,131)</u>	<u>(106,371,257)</u>
Total Budgetary Financing Sources	<u>(1,933,847)</u>	<u>2,838,621</u>
<b>Total Unexpended Appropriations</b>	<u>23,258,798</u>	<u>25,192,645</u>
<b>Cumulative Results of Operations:</b>		
Beginning balances	(7,507,397)	\$ (7,211,073)
Adjustments: Correction of Errors	-	-
Beginning balances, as adjusted	<u>(7,507,397)</u>	<u>(7,211,073)</u>
<b>Budgetary Financing Sources:</b>		
Appropriations used	107,861,131	106,371,257
<b>Other Financing Sources:</b>		
Imputed financing	<u>4,255,027</u>	<u>3,880,704</u>
Total Financing Sources	112,116,158	110,251,961
Net Cost of Operations	<u>(110,878,824)</u>	<u>(110,548,285)</u>
Net Change	<u>1,237,334</u>	<u>(296,324)</u>
<b>Cumulative Results of Operations</b>	<b>(6,270,063)</b>	<b>(7,507,397)</b>
<b>Net Position</b>	<b>\$ 16,988,735</b>	<b>\$ 17,685,248</b>

The accompanying notes are an integral part of these statements.



**NATIONAL TRANSPORTATION SAFETY BOARD**  
**Statement of Budgetary Resources**  
**For the Period Ending September 30, 2019, and 2018**  
**(in Dollars)**

	FY 2019	FY 2018
<b>Budgetary Resources</b>		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 16,675,115	\$ 17,732,444
Appropriations (discretionary and mandatory)	110,400,000	110,400,000
Spending authority from offsetting collections (discretionary and mandatory)	1,061,206	1,283,881
<b>Total Budgetary Resources</b>	<b>\$ 128,136,321</b>	<b>\$ 129,416,325</b>
<b>Status of Budgetary Resources</b>		
New Obligations and upward adjustments	\$ 109,947,033	\$ 109,846,218
Unobligated balance, end of period:		
Apportioned, unexpired accounts	12,499,266	11,391,382
Expired unobligated balance, end of year	5,690,022	8,178,725
Unobligated balance, end of year	18,189,288	19,570,107
<b>Total Budgetary Resources</b>	<b>\$ 128,136,321</b>	<b>\$ 129,416,325</b>
<b>Outlays, Net</b>		
Outlays, Net	105,202,905	103,577,496
<b>Agency Outlays, Net (discretionary and mandatory)</b>	<b>\$ 105,202,905</b>	<b>\$ 103,577,496</b>

The accompanying notes are an integral part of these statements.

## Notes to the Financial Statements

### Note 1 Summary of Significant Accounting Policies

#### **A. Reporting Entity**

The accompanying financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources of the NTSB. The NTSB is not part of the Department of Transportation (DOT) nor affiliated with any of the DOT's modal agencies. The agency is identified as a consolidated entity for purposes of reporting in compliance with the Statement of Federal Financial Accounting Standards (SFFAS) 47, Reporting Entity.

#### **B. Classified Activities**

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

#### **C. Basis of Accounting and Presentation**

As required by the Accountability of Tax Dollars Act of 2002, the accompanying financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources of the NTSB. 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.

The NTSB's financial statements are prepared from the books and reports of the NTSB in accordance with US GAAP for the federal government and the Office of Management and Budget (*OMB Circular A-136*). Throughout these financial statements, assets, liabilities, revenue and costs have been classified according to the type of entity with which the transactions are associated. For example, assets and liabilities resulting from transactions with other federal entities are classified as intragovernmental assets and liabilities. Intragovernmental costs are payments or accrual to other federal entities, and intragovernmental earned revenues are collections or accrual of revenue from other federal entities. The NTSB's statements are to be read with the understanding that they are produced for a component of the federal government, a sovereign entity.

#### **D. 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.

## **E. Assets**

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

### *Fund Balance with Treasury*

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

### *Accounts Receivable*

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

## **F. Property and Equipment**

### *General Property and Equipment*

The CFO 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 the NTSB to support our mission. Depreciation on these assets is calculated using the straight-line method.

The land and buildings in which the agency operates are leased primarily from commercial entities. The General Services Administration (GSA) provides some of the facilities occupied by the NTSB. The GSA charges the NTSB a standard level user charge that approximates the commercial rental rates for similar properties.

### *Bulk Purchases*

The CFO has established the capitalization minimum threshold for bulk purchases at \$250,000.

### *Aggregate Purchases*

The CFO has established a capitalization threshold of \$250,000 for aggregate purchases. If such a purchase does not meet that threshold but includes a single item or multiple items that meet the \$25,000 PP&E minimum for capitalization, then that item or items would be capitalized.

### *Leasehold Improvements*

The CFO has established a capitalization threshold of \$100,000 for leasehold improvements. 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 10 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 Plan leases are classified as capital leases. The NTSB has one capital lease, for a period of 20 years, for rental of the space that houses the NTSB Ashburn facility. Depreciation on

the capital lease is calculated using the straight-line method, with 20 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 \$1,000,000. Only the costs associated with the software development phase, including labor, are subject to capitalization. Software development phase activities generally include the design of the 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 3 years as the estimated useful life of the asset.

## **G. 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 represent salaries, wages, and benefits earned by employees but not disbursed as of September 30, 2019. Accrued payroll and benefits are payable to employees and are therefore not classified as intragovernmental. Employer contributions and payroll taxes payable are classified as both intragovernmental and with the public.

### *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. Accrued annual leave is paid from future funding sources and is reflected as a liability not covered by budgetary resources. Sick leave and other types of non-vested leave are expensed as taken.

### *Accrued Federal Employee's Compensation Act 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 the DOL. The FECA liability is included in liabilities not covered by budgetary resources, as referenced in Note 5.

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 that were paid by the DOL but not yet billed to the NTSB.

## **H. Employee Retirement Plans**

### *Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS)*

NTSB employees participate in one of two retirement programs, either CSRS or 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 withholds 7.0 percent of gross earnings. The NTSB matches the withholding, and the sum of the withholding, and the matching funds are transferred to the CSRS.

For each fiscal year, the Office of Personnel Management (OPM) calculates the US 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 US government's estimated FY 2019 service cost exceeds contributions made by employer agencies and covered employees, the plan is not fully funded by the NTSB and our employees. The NTSB recognized imputed cost and imputed financing of \$4,255,027, and \$3,880,704 for September 30, 2019, and September 30, 2018, respectively.

The US government's estimated FY 2019 service cost exceeds the FERS contributions made by employer agencies and covered employees. For FERS-covered employees, the NTSB made contributions of 13.7 percent of basic pay. Employees contributed .80 percent of gross earnings. New employees hired in 2013 or later were required to contribute 3.1 percent of gross earnings. New Employees hired in 2014 or later are required to contribute 4.4 percent of gross earnings, dependent on their categorization as Revised Annuity Employees, or Further Revised Annuity Employees. 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 US government's TSP, administered by the Federal Retirement Thrift Investment Board. The NTSB makes a mandatory contribution of 1 percent of basic pay for FERS-covered employees. In addition, the NTSB makes matching contributions, of up to 5 percent of basic pay, for employees who contribute to the TSP. 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 to the TSP for FERS participants. There are no percentage limits on contributions to the TSP 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 2019 is \$19,000. Those who are of age 50 and older may contribute an additional \$6,000 in catch up contributions.

Consistent with reporting under multi-employer pension plans, the NTSB does not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, which may be applicable to NTSB employees and funded by the NTSB. This data is reported for plan participants by the Office of Personnel Management (OPM).

## ***I. 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 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.



## **J. Revenues and Other Financing Sources**

### *Appropriations*

Most of the NTSB's operating funds are provided by congressional appropriations of budget authority. The agency receives appropriations on annual, multi-year, and no-year basis from the following appropriations:

#### *Annual Salaries and Expenses Appropriation*

Annual appropriations are provided by Congress and are available for obligation in the fiscal year for which they were provided to fund the overall operation of the agency.

#### *Supplemental Salaries and Expenses Appropriation*

Supplemental appropriations are provided by Congress to fund extraordinary investigations.

#### *No-Year Emergency Fund Appropriation*

A no-year emergency fund appropriation was provided by Congress to fund extraordinary accident investigation costs. Emergency fund disbursements are made at the discretion of the NTSB but must be reported to Congress. A no-year appropriation is available for obligation without fiscal year limitation. The NTSB's emergency fund currently is appropriated at \$1,997,884.

### *Imputed Financing Sources*

In accordance with *OMB Circular 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 that 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 represent the unfunded pension costs, Federal Employees' Health Benefits Program (FEHB) costs, and Federal Employees Group Life Insurance (FEGLI) program costs of NTSB employees, claims to be settled by the Treasury Judgment Fund, and imputed cost for services received from other federal agencies without reimbursement, as required by SFFAS No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

## **K. 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 the NTSB include amounts collected for training programs, rental of conference room space, subleasing of office space, and for investigative-related services.

## **L. Net Position**

Net position is the residual difference between assets and liabilities and comprises unexpended appropriations and cumulative results of operations.

Unexpended appropriations include those appropriations not yet obligated or expended, represented by the unobligated balances and undelivered orders of the agency's appropriated funds. Multi-year appropriations remain available to the 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, 5 years after the appropriations expire. Cumulative results of operations are the net result of the NTSB's operations since inception.

## **Note 2 Fund Balance with Treasury**

The Department of the Treasury (Treasury) performs cash management activities for all federal agencies. The net activity represents Fund Balance with Treasury. The Fund Balance with Treasury represents the right of the NTSB to draw down funds from Treasury for expenses and liabilities. The Fund Balance with Treasury as of September 30, 2019, and September 30, 2018, consists of the following:

	<b>FY 2019</b>	<b>FY 2018</b>
Appropriated funds	<u>\$ 41,407,458</u>	<u>\$ 40,683,078</u>
Total	<u><u>\$ 41,407,458</u></u>	<u><u>\$ 40,683,078</u></u>
<b>Status of Fund Balance with Treasury</b>		
Unobligated Balance		
Available	\$ 12,499,266	\$ 11,391,382
Unavailable	<u>\$ 5,690,022</u>	<u>\$ 8,178,725</u>
Total Unobligated Balance	\$ 18,189,288	\$ 19,570,107
Obligated Balance not yet Disbursed	\$ 23,218,170	\$ 21,112,971
<b>Total</b>	<u><u>\$ 41,407,458</u></u>	<u><u>\$ 40,683,078</u></u>

The status of the fund balance is classified as unobligated available, unobligated unavailable, or obligated. Unobligated available funds, depending on budget authority, are generally available for new obligations in the current year of operations. Unavailable unobligated balances are not available to fund new obligations because they are expired, they must be re-apportioned, or their use has been permanently or temporarily restricted. The obligated, but not yet disbursed, balance represents amounts designated for payment of goods and services ordered but not yet received, or goods and services received, but for which payment has not yet been made.

**Note 3 Accounts Receivable, Net**

The NTSB's accounts receivable represents amounts due from overpayments to current and non-current employees and from vendors. The NTSB maintains an allowance for doubtful accounts for public receivables based on past collection experience. The agency's methodology for establishing an allowance for doubtful accounts is that receivables aged 120 days or less are 100 percent collectible; receivables greater than 120 days are treated as 100 percent doubtful for collection.

Accounts receivable consisted of the following as of September 30, 2019, and September 30, 2018:

	FY 2019	FY 2018
<b>Intragovernmental:</b>		
Accounts receivable	\$ 24,797	\$ 80,701
<b>Total Intragovernmental</b>	<b>\$ 24,797</b>	<b>\$ 80,701</b>
<b>With the Public:</b>		
Accounts receivable	\$ 3,116	\$ 2,514
Allowance for Doubtful Accounts	-	-
<b>Total With the Public</b>	<b>\$ 3,116</b>	<b>\$ 2,514</b>
<b>Total Accounts Receivable</b>	<b>\$ 27,913</b>	<b>\$ 83,215</b>

Amounts due from various federal agencies are for accounts receivable as of September 30, 2019 and September 30, 2018. These are related to registered participants' training fees due to the reimbursable fund, and interagency agreements.

## Note 4 General Property, Equipment, and Software, Net

General property, plant, and equipment consisted of that property that is used in operations and consumed over time. The following schedules summarizes cost and accumulated depreciation of property, equipment, and software as of September 30, 2019, and September 30, 2018:

### Schedule of Property, Equipment, and Software as of September 30, 2019 (in Dollars)

Asset Category	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Equipment	\$ 10,575,552	\$ 9,881,045	\$ 694,507
Assets Under Capital Lease	23,731,941	19,085,441	4,646,500
Internal-Use Software	564,707	564,707	-
Software-in-Development	902,298	-	902,298
Construction-in-Progress	1,198,172	-	1,198,172
<b>Total</b>	<b>\$ 36,972,670</b>	<b>\$ 29,531,193</b>	<b>\$ 7,441,477</b>

### Schedule of Property, Equipment, and Software as of September 30, 2018 (in Dollars)

Asset Category	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Equipment	\$ 10,559,463	\$ 9,153,830	\$ 1,405,633
Assets Under Capital Lease	24,169,774	18,336,677	5,833,097
Internal-Use Software	564,707	564,707	-
<b>Total</b>	<b>\$ 35,293,944</b>	<b>\$ 28,055,214</b>	<b>\$ 7,238,730</b>

**Note 5 Liabilities 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. Unfunded Intragovernmental Liabilities consist of Accrued FECA in the amount of approximately \$1.6 million.

Capitalization of the full net present value of the Ashburn facility lease created a deficiency in 2001 funding, which was reported to OMB and Congress. OMB subsequently provided guidance on future funding and reporting of this liability, and with the cancellation of the FY 2001 appropriation as of September 30, 2006, the budgetary account no longer reflected a deficiency. The annual Appropriation Acts include language to provide funds to make lease payments due in the current fiscal year. Consistent with GAAP, the remaining liability will remain on the general ledger until the lease is fully liquidated. The lease liability not covered by budgetary resources as of September 30, 2019, is \$6,690,404.

<b>Intragovernmental:</b>	<b>FY 2019</b>	<b>FY 2018</b>
FECA Liability	\$ 1,608,868	\$ 1,483,944
<b>Total Intragovernmental</b>	<b>1,608,868</b>	<b>1,483,944</b>
Capital Lease Liability	6,690,404	8,223,324
Unfunded Annual Leave	5,716,314	5,392,825
Actuarial FECA Liability	8,856,125	7,966,734
<b>Total Not Covered by Budgetary Resources</b>	<b>22,871,711</b>	<b>23,066,827</b>
<b>Total Liabilities Covered by Budgetary Resources</b>	<b>9,016,402</b>	<b>7,309,516</b>
<b>Total Liabilities Not Requiring Budgetary Resources</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>\$ 31,888,113</b>	<b>\$ 30,376,343</b>

## Note 6 Inter-Entity Costs (Imputed Financing)

The cost of pension and other future retirement benefits are paid by OPM on behalf of the NTSB. OPM provides the rates for recording the estimated cost of pension and other future retirement benefits. These costs are reflected as imputed financing in the consolidated financial statements. Expenses of the NTSB paid or to be paid by other federal agencies at September 30, 2019 and September 30, 2018 consisted of the following:

	FY 2019	FY 2018
National Protection and Programs Directorate (NPPD) from DHS	\$ -	\$ 29,967
Office of Personnel Management:		
Pension expenses	1,842,799	1,452,361
Federal employee health benefits (FEHB)	2,404,720	2,390,936
Federal employees group life insurance (FEGLI)	7,508	7,440
<b>Total Imputed Financing</b>	<b>\$ 4,255,027</b>	<b>\$ 3,880,704</b>

## Note 7 Leases

The NTSB has capital and operating leases in both privately owned and federal buildings for its locations in Washington, DC; Ashburn, Virginia; Denver, Colorado; Seattle, Washington; and Anchorage, Alaska. The NTSB owns no real property. Future estimated minimum operating lease payments are not accrued as liabilities and are expensed on a straight-line basis. The agency recognizes lease expenses on a straight-line basis because the agency's lease payment amounts vary at negotiated dates and reflect increases in rental costs, and in some cases, allowances or credits from landlords. The NTSB has the legislative authority to enter into lease agreements in order to carry out its mission.

### Capital Leases

The NTSB signed a 20-year capital lease in 2001 to rent the Ashburn, Virginia, training facility space. Total future payments disclosed for the Ashburn facility include estimates for services and utilities.

### Capital Leases (Non-Federal)

	FY 2019	FY 2018
<b>Summary of Assets under Capital Lease</b>		
Land and Buildings (Training Center)	\$ 23,731,941	\$ 23,731,941
Accumulated Depreciation	(19,085,441)	(17,898,844)
<b>Net Book Value</b>	<b>\$ 4,646,500</b>	<b>\$ 5,833,097</b>

### Description of Lease Arrangements:

In 2003, the NTSB determined that the Ashburn facility 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 the OMB and Congress. The OMB has provided guidance on future funding and reporting of this liability. With the cancellation of the FY 2001 appropriation on



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. Annual Appropriation acts now include language to provide funds to make lease payments due in the current fiscal year.

### Future Payments Due for Capital Lease

Fiscal Year	Buildings
2020	2,521,440
2021	2,521,440
2022	2,521,440
2023	2,101,200
<b>Total Future Payments Due for Capital Lease</b>	<b>\$ 9,665,520</b>
Less: Imputed Interest	(730,891)
Less: Executory Costs	(2,244,225)
<b>Net Capital Lease Liability</b>	<b>\$ 6,690,404</b>

Capital lease liabilities not covered by budgetary resources as of September 30, 2019: \$ 6,690,404

### Operating Leases

#### Description of Lease Arrangements:

NTSB has several operating leases with the General Services Administration (GSA) for office space which do not have a stated expiration date. The GSA charges rent that is intended to approximate commercial rental rates. NTSB's also has a cancelable, non-federal operating leases for office space in Seattle, Washington.

#### Future Payments Due for Operating Leases: Non-Cancelable

Fiscal Year	Federal	Non-Federal	Total
2020	\$ 674,080	-	\$ 674,080
2021	108,547	-	108,547
2022	-	-	-
2023 and beyond	-	-	-
<b>Total Future Payments Due</b>	<b>\$ 782,627</b>	<b>\$ -</b>	<b>\$ 782,627</b>

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## Future Payments Due for Operating Leases: Cancelable

Fiscal Year	Federal	Non-Federal	Total
2020	\$ 9,406,342	\$ 97,167	\$ 9,503,509
2021	1,752,918	-	1,752,918
2022	144,808	-	144,808
2023 and beyond	181,415	-	181,415
<b>Total Future Payments Due</b>	<b>\$ 11,485,483</b>	<b>\$ 97,167</b>	<b>\$ 11,582,650</b>
<b>Total Future Payments Due for Operating Leases</b>	<b>\$ 12,268,110</b>	<b>\$ 97,167</b>	<b>\$ 12,365,277</b>

## Summary of Lease Arrangements

Buildings		
Location	Fed/Non-Federal	Description of Operating Leases Arrangements
Washington, DC	Federal	Headquarters and conference center leases, both commencing December 1, 2010 though November 30, 2020, subject to anticipated tax escalation in excess of the occupancy agreement (OA). The lease terms and conditions (T&C) also reference a 5-year renewal option.
Ashburn, VA	Non-Federal	20-year capital lease of training and meeting space from August 1, 2003 through July 31, 2023, subject to an increase in the annual operating expense base rate (base year utility cost rate, and cost of living index adjustment).
Denver	Federal	Lease of regional office space from May 4, 2015 through December 16, 2021.
Seattle	Non-Federal	Lease of regional office space from September 1, 2015 through August 31, 2020.
Anchorage	Federal	Lease of regional office space from June 1, 2016 through March 31, 2024.

The NTSB has operating leases for postage meters and vehicles. Postage meters are leases are cancelable or renewable on an annual basis at the option of the NTSB. They do not impose binding commitments on the agency for future rental payments on leases with terms longer than 1-year. GSA vehicle leases are cancelable at any time without penalty and are not included in Future Payments Due for Operating Leases information presented above.

**Note 8 Commitments and Contingencies**

As of September 30, 2019, the NTSB was not a party to any legal actions that were likely to result in a material liability. Accordingly, no provision for loss is included in the financial statements. However, as of September 30, 2019, the NTSB has one pending matter for which there is a probable likelihood of an adverse outcome, and four pending matters for which there is at least a reasonable possibility of an adverse outcome. The potential loss for these matters cannot be estimated at this time. These actions are disclosed in accordance with SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, as amended by SFFAS No. 2, *Recognition of Contingent Liabilities Arising from Litigation: An Amendment of SFFAS No. 5, Accounting for Liabilities of the Federal Government*.

	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
<b>FY 2019</b>			
Legal Contingencies:			
Probable	1	Estimated amount or range of potential loss is unknown	
Reasonably Possible	4	Estimated amount or range of potential loss is unknown	
<b>Total</b>	<b>5</b>		
<b>FY 2018</b>			
Legal Contingencies:			
Probable	-	Estimated amount or range of potential loss is unknown	
Reasonably Possible	3	Estimated amount or range of potential loss is unknown	
<b>Total</b>	<b>3</b>		

Note 9 Suborganization Program Costs/Program Costs by Segment

Intragovernmental and Public Costs

Supporting Schedule by Program Segment (in Dollars)

<b>FY 2019</b>	<b>Aviation Safety</b>	<b>Surface Safety</b>	<b>Research &amp; Engineering</b>	<b>Consolidated Totals</b>
Intragovernmental Gross Costs	\$ 15,630,949	\$ 11,250,080	\$ 5,800,643	\$ 32,681,672
Less: Intragovernmental Earned Revenue	(115,662)	(74,194)	(38,255)	(228,111)
<b>Intragovernmental Net Costs</b>	<b>15,515,287</b>	<b>11,175,886</b>	<b>5,762,388</b>	<b>32,453,561</b>
Gross Costs with the Public	37,985,376	25,781,939	15,596,953	79,364,268
Less: Earned Revenues from the Public	(449,427)	(305,041)	(184,537)	(939,005)
<b>Net Costs with the Public</b>	<b>37,535,949</b>	<b>25,476,898</b>	<b>15,412,416</b>	<b>78,425,263</b>
<b>Net Cost of Operations</b>	<b>\$ 53,051,236</b>	<b>\$ 36,652,784</b>	<b>\$ 21,174,804</b>	<b>\$ 110,878,824</b>

<b>FY 2018</b>	<b>Aviation Safety</b>	<b>Surface Safety</b>	<b>Research &amp; Engineering</b>	<b>Consolidated Totals</b>
Intragovernmental Gross Costs	\$ 15,675,307	\$ 11,515,010	\$ 5,892,674	\$ 33,082,991
Less: Intragovernmental Earned Revenue	(243,768)	(119,788)	(61,300)	(424,856)
<b>Intragovernmental Net Costs</b>	<b>15,431,539</b>	<b>11,395,222</b>	<b>5,831,374</b>	<b>32,658,135</b>
Gross Costs with the Public	36,841,436	26,916,584	14,900,174	78,658,194
Less: Earned Revenues from the Public	(359,845)	(262,749)	(145,450)	(768,044)
<b>Net Costs with the Public</b>	<b>36,481,591</b>	<b>26,653,835</b>	<b>14,754,724</b>	<b>77,890,150</b>
<b>Net Cost of Operations</b>	<b>\$ 51,913,130</b>	<b>\$ 38,049,057</b>	<b>\$ 20,586,098</b>	<b>\$ 110,548,285</b>

## Note 10 Undelivered Orders at the End of the Period

Undelivered orders are purchase orders issued by the NTSB during FY 2019 and the 5 expiring fiscal years, which have not had delivery of the required product or service as of September 30, 2019 and 2018, respectively. It is anticipated that these undelivered items will be provided in future periods and will require resources obligated during the respective fiscal years.

For Fiscal Years Ending September 30, (in Dollars)	FY 2019	FY 2018
Intragovernmental Undelivered Orders, Unpaid:	\$ 2,128,264	\$ 1,504,891
Public Undelivered Orders, Unpaid:	12,258,525	12,645,399
<b>Total Undelivered Orders, Unpaid</b>	<b>\$ 14,386,789</b>	<b>\$ 14,150,290</b>

## Note 11 Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the US Government

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources available, the status of those resources, and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the *Budget of the United States Government* (Budget). The Budget that will include FY 2019 actual budgetary execution information is scheduled for publication in February 2020, which will be available through the OMB's website at <http://www.whitehouse.gov/omb>. Accordingly, information required for FY 2019 disclosure is not available at the time of publication of these financial statements.

Balances reported in the FY 2018 Statement of Budgetary Resources and the related President's Budget reflected the following:

In Millions	Budgetary Resources	Obligations	Net Outlays
Combined Statement of Budgetary Resources	\$ 129	\$ 110	\$ 104
Unobligated Balance - expired	(8)	-	-
Emergency Fund	(2)	-	-
Differences Due to Rounding	(1)	(1)	(1)
<b>Budget of the U.S. Government</b>	<b>\$ 118</b>	<b>\$ 109</b>	<b>\$ 103</b>

## Note 12 Reconciliation of Net Cost and Budget Outlays

SFFAS No. 53, *Budget and Accrual Reconciliation*, amended SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting* and 24, *Selected Standards for the Consolidated Financial Report of the United States Government*, and rescinded SFFAS 22, *Change in Certain Requirements for Reconciling Obligations and Net Cost of Operations*. SFFAS No. 53 provided for the budget and accrual reconciliation (BAR) to replace the statement of financing. The BAR explains the relationship between NTSB's net outlays on a budgetary basis and the net cost of operations during the reporting period. The reconciliation begins with the net cost of operations as reported on the Statement of Net Cost and is adjusted by components of net cost that are not part of net outlays. Common components include depreciation, gains and losses on disposition of assets, and changes in assets and liabilities (e.g. accounts receivable, accounts payable, salaries and benefits) not affecting budget outlays. Net cost of operations is also adjusted by budget outlays that are not a part of net operating cost. These include the acquisition of capital assets, inventory and other assets.

	Intragovernmental	With the Public	Total
<b>Net Cost of Operations</b>	<b>\$ 32,453,562</b>	<b>\$ 78,425,262</b>	<b>\$ 110,878,824</b>
<b>Components of Net Cost That Are Not Part of Net Outlays:</b>			
Property, plant, and equipment depreciation	-	(2,017,273)	(2,017,273)
<b>Increase/(decrease) in assets:</b>			
Accounts receivable	(55,904)	602	(55,302)
<b>(Increase)/decrease in liabilities:</b>			
Accounts payable	225,187	(1,451,274)	(1,226,087)
Salaries and benefits	(65,925)	(414,873)	(480,798)
Other liabilities	(124,924)	320,040	195,116
<b>Other financing sources:</b>			
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(4,255,027)	-	(4,255,027)
<b>Total Components of Net Cost That Are Not Part of Net Outlays</b>	<b>(4,276,593)</b>	<b>(3,562,778)</b>	<b>(7,839,371)</b>
<b>Components of Net Outlays That Are Not Part of Net Cost:</b>			
Acquisition of capital assets	-	2,163,452	2,163,452
<b>Total Components of Net Outlays That Are Not Part of Net Cost</b>	<b>-</b>	<b>2,163,452</b>	<b>2,163,452</b>
<b>Other Temporary Timing Differences</b>	-	-	-
<b>Outlays, Net</b>	<b>\$ 28,176,969</b>	<b>\$ 77,025,936</b>	<b>\$ 105,202,905</b>



**Note 13 Net Adjustments to Unobligated Balance Brought Forward, October 1**

In accordance with Statement of Federal Financial Accounting Standards (SFFAS) 7, paragraph 79, the reconciliation of the unobligated balance brought forward, October 1 to the unobligated balance from prior year budget authority, net (dollars) is presented as follows:

	<b>FY 2019</b>	<b>FY 2018</b>
Unobligated Balance Brought Forward, October 1	\$ 19,570,107	\$ 17,940,910
Recoveries of Prior Year Obligations	1,573,025	926,398
Other Changes in Unobligated Balance	4,698	55,258
Canceled Authority	(4,472,715)	(1,190,122)
<b>Unobligated Balance From Prior Year Budget Authority, Net</b>	<b><u>\$ 16,675,115</u></b>	<b><u>\$ 17,732,444</u></b>

## Section III – Required Supplementary Information

### Summary of Financial Statement Audit and Management Assurances

Table 1: Summary of Financial Statement Audit for FY 2019

Audit Opinion: Unmodified

Restatement: No

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Internal Control Over Financial Reporting	0	0	0	0	0
<b>Total Material Weaknesses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 2: Summary of Management Assurances for FY2019

#### Effectiveness of Internal Control Over Financial Reporting (Federal Managers' Financial Integrity Act (FMFIA)), Paragraph 2

Statement of Assurance: Unmodified

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Internal Control Over Financial Reporting	0	0	0	0	0
<b>Total Material Weaknesses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Effectiveness of Internal Control Over Operations (Federal Managers' Financial Integrity Act (FMFIA)), Paragraph 2

Statement of Assurance: Unmodified

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Internal Control Over Financial Reporting	0	0	0	0	0
<b>Total Material Weaknesses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Conformance with Financial Management System Requirements (Federal Managers' Financial Integrity Act (FMFIA)), Paragraph 4

Statement of Assurance: Systems conform to financial management system requirements

Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Federal Financial Management System Requirements	0	0	0	0	0
<b>Total Non-Conformances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Payment Integrity

### ***Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012***

The *Improper Payments Information Act of 2002* as amended by the *Improper Payments Elimination and Recovery Act of 2010*, and the *Improper Payments Eliminations and Recovery Act of 2012* requires agencies to review all programs and activities they administer and identify those that may be susceptible to significant erroneous payments. For all programs and activities in which the risk of erroneous payments is significant, agencies are to estimate the annual amount of erroneous payments made in those programs. OMB guidance provided in *Circular A-136* and *Appendix C of Circular A-123* requires detailed information related to the NTSB's Improper Payments Elimination Program, which is provided below.

In FY 2019, the NTSB reviewed its programs and activities to identify those that may be susceptible to significant erroneous payments. The risk assessment included (1) consideration of certain risk factors that are likely to contribute to a susceptibility to significant improper payments. The risk assessment was performed for vendor payments (including travel and other employee reimbursement payments), intragovernmental payments, and payroll. OMB defines significant erroneous payments as annual erroneous payments in a program exceeding both \$10 million and 1.5 percent, or \$100 million of total annual program payments. Based on the results of transaction testing applied to a sample of payments, consideration of risk factors, and reliance on the internal controls in place over the payment process, the NTSB determined that none of its programs or activities are susceptible to significant improper payments.

The level of risk of erroneous payment is determined to be low, and baseline estimates have been established; the NTSB conducts a formal risk assessment every 3 years unless the program experiences a significant change. The NTSB will conduct continuous monitoring of our programs and activities in FY 2020. If any programs and activities experience unexpected changes, the NTSB will reassess the programs' risk susceptibility and make a statistically valid estimate of erroneous payments for any program determined to be susceptible to significant erroneous payments, as required by the circular.

*Appendix C of OMB Circular A-123* requires agencies to implement payment recapture audit programs where it is cost effective to do so. Based upon the agency's low improper payment rate as determined by the testing conducted in FY 2015 and FY 2018, the NTSB has determined that implementing a payment recapture audit program would not be cost effective. That is, the recaptured amounts that could be recovered do not exceed the costs of implementation and operation of a payment recapture audit program (which would include staff time and resources or payments to a contractor).

The NTSB will continue to monitor for improper payments across our administered programs and activities and will assess whether implementing payment recapture audits for each program becomes cost effective. If, through future risk assessments, the agency should determine that a program is susceptible to significant improper payments and that implementing a payment recapture program could be cost beneficial, we will identify and pursue options to implement such a program.

## Fraud Reduction Efforts

The NTSB continues in our efforts to implement the *Fraud Reduction and Data Analytics Act of 2016* agency-wide as an extension of our fraud risk program.

We have determined that many of the controls associated with prevention and detection of improper payments are similar in nature to the same controls that would be employed for fraud detection.

Despite these challenges, the NTSB continues to refine our business process to enable the organization to define, deter, detect, and take appropriate and timely action on, fraud. Our enterprise risk management and internal control program considers the potential for fraud and incorporates elements of government set standards. The agency's framework for fraud risk assessment is designed to identify potential financial fraud risks and schemes to ensure that preventive and detective controls are present and working as designed. We identify potential fraud areas and establish key controls for such areas as travel card purchases and contract/supplier payments. The NTSB recognizes that, although no system of internal control provides absolute assurance, our system of internal control can provide reasonable assurance that key controls are adequate and working as designed. Our monitoring activities include supervisory approvals, management reports, and exception reporting.

NTSB management is committed to exercising due diligence in areas of alleged or suspected fraud. If any alleged or suspected, after a preliminary evaluation, the matter would be referred to the Department of Transportation's Office of Inspector General for investigation, if appropriate. We identified no systemic fraud within the NTSB during FY 2019.

## Reduce the Footprint

Consistent with Section 3 of OMB *Memorandum 12-12, Promoting Efficient Spending to Support Agency Operations*, and OMB *Management Procedures Memorandum No. 2015-01*, agencies are required to set annual targets to reduce the total square footage of their domestic office and warehouse inventory compared to the 2015 baseline.

The NTSB's overall Reduce the Footprint plan includes no increase from the 2015 baseline to FY 2019. The agency's current plan anticipates that the portfolio will remain at the FY 2015 baseline for the immediate future. Beyond that, the agency will continue to actively seek opportunities to maximize efficiencies to best support the mission of the organization and will continue to make every effort to reduce the office footprint as each lease is renewed. The NTSB has no buildings that meet the requirements to report operation and maintenance costs.

### Reduce the Footprint Baseline Comparison

	2019	2015 Baseline	Change
Square Footage	265,683	265,683	-

### Civil Monetary Penalty Adjustment for Inflation

The *Federal Civil Penalties Inflation Adjustment Act of 1990, Public Law 101-410, 104 Stat. 890* as amended by the *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Public Law 114-74, sec. 701, 129 Stat. 584* (codified at 28 U.S.C. 2461 note), requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to improve their effectiveness and to maintain their deterrent effect. To improve compliance with the Act, and in response to multiple audits and recommendations, agencies should report annually in the Other Information Section the most recent inflationary adjustments to civil monetary penalties to ensure that penalty adjustments are both timely and accurate.

<b>Statutory Authority</b>	49 U.S.C. 20103, 20106-2017, 20118-20119, 20156, 21301, 21304, 21311; 28 U.S.C. 2461, note; and 49 CFR 1.89
<b>Aviation Penalty</b>	A person violating 49 U.S.C. 1132 (Civil aircraft accident investigations), 1134(b) (Inspection, testing, preservation, and moving of aircraft and parts), 1134(f)(1) (Autopsies), or 1136(g) (Prohibited actions when providing assistance to families of passengers involved in aircraft accidents). 49 CFR 831.15.
<b>Year Enacted</b>	1994
<b>Latest Year of Adjustment</b>	2019
<b>Current Penalty Level (\$)</b>	\$1,692 per violation, per day
<b>Location for Penalty Update Details</b>	<i>Federal Register</i> ; 84 FR 169 (August 30, 2019)

## Abbreviations/Acronyms

AS	NTSB Office of Aviation Safety
ALJ	NTSB Office of Administrative Law Judges
CIO	NTSB Office of the Chief Information Officer
CSRS	Civil Service Retirement Systems
<i>DATA Act</i>	<i>Digital Accountability and Transparency Act of 2014</i>
DOL	US Department of Labor
DOT	US Department of Transportation
DOT/OIG	US Department of Transportation's Office of the Inspector General
EEODI	NTSB Office of Equal Employment Opportunity, Diversity, and Inclusion
FAA	Federal Aviation Administration
FECA	Federal Employees' Compensation Act
FERS	Federal Employees Retirement System
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FPPS	Federal Personnel/Payroll System
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GC	Office of the General Counsel
GPRA	<i>Government Performance and Results Act</i>
GPRAMA	<i>Government Performance and Results Modernization Act</i>
GSA	General Services Administration
HS	NTSB Office of Highway Safety
IBC	Interior Business Center
<i>IPERIA</i>	<i>Improper Payments Elimination and Recovery Act of 2010</i>
IT	Information Technology
MD	NTSB Office of the Managing Director
MS	NTSB Office of Marine Safety
MWL	Most Wanted List



NTSB	National Transportation Safety Board
OMB	Office of Management and Budget
OPM	Office of Personnel Management
P&E	Property and Equipment
PAR	Performance and Accountability Report
RE	NTSB Office of Research and Engineering
RPH	NTSB Office of Railroad, Pipeline, and Hazardous Materials Investigations
SFFAS	Statement of Federal Financial Accounting Standards
SMOC	Senior Management Oversight Council
SRC	NTSB Office of Safety Recommendations and Communications
TSP	Thrift Savings Plan
<i>U.S.C</i>	<i>United States Code</i>

## Acknowledgments

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The NTSB's FY 2019 Performance and Accountability Report is the result of a collaborative effort on the part of many NTSB employees. We would like to acknowledge and thank them for their hard work and commitment. We would also like to acknowledge the Department of Transportation's Office of the Inspector General, and the public accounting firm, Allmond and Company, LLC for the professional manner in which they conducted the audit of the FY 2019 financial statements.

### **We Welcome Your Comments**

Thank you for your interest in the NTSB's *Fiscal Year 2019 Performance and Accountability Report*. We welcome your comments on how we can make this report more informative for our readers. To comment on this report, please send an e-mail to [cfofeed@ntsb.gov](mailto:cfofeed@ntsb.gov).