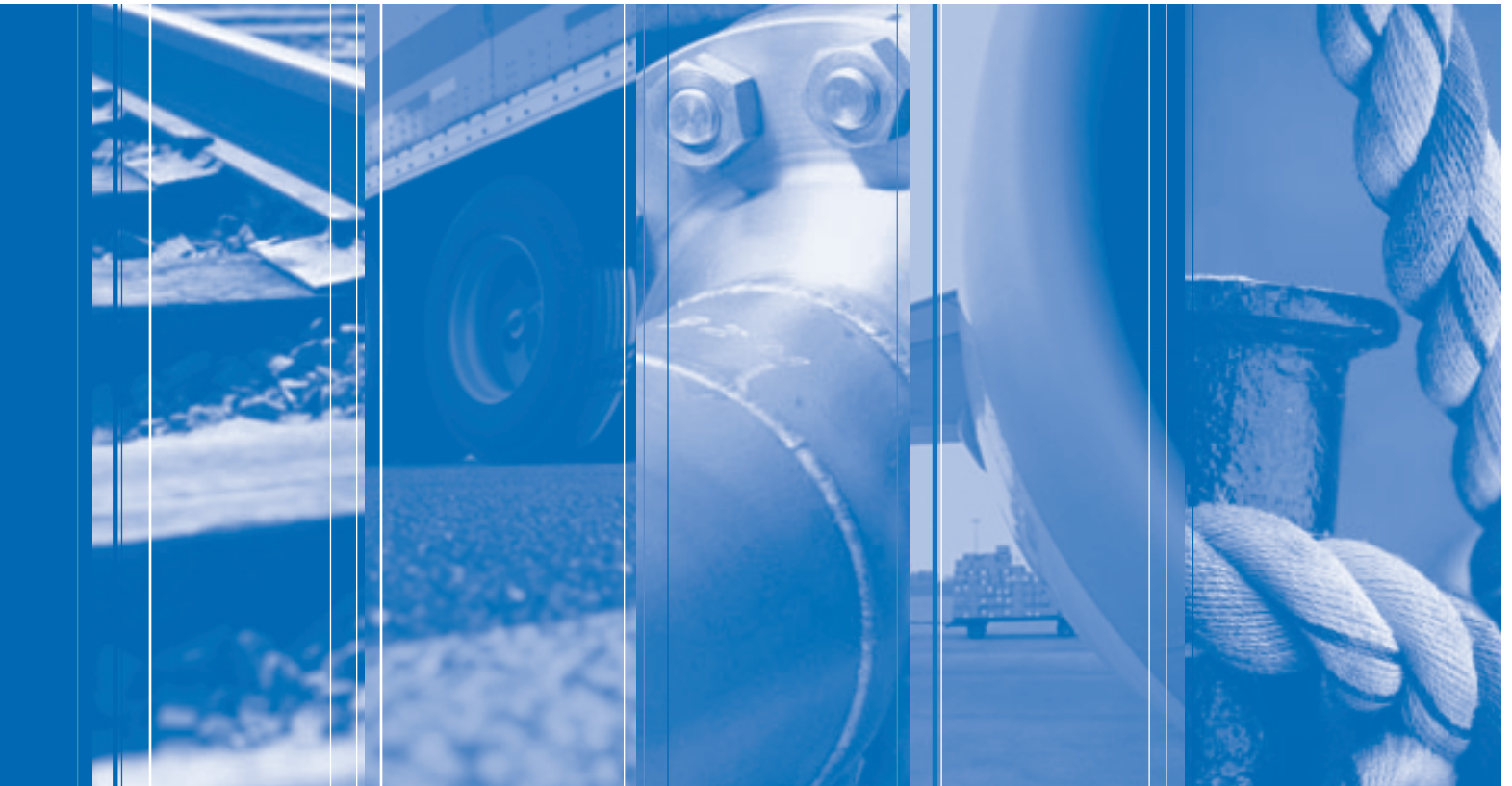


National Transportation Safety Board

Fiscal Year 2008 and 2007

Performance and Accountability Report



**National
Transportation
Safety Board**

NTSB AT A GLANCE

Established, April 1, 1967

Headquarters

490 L'Enfant Plaza, SW

Washington, DC 20594

www.nts.gov

FY 2008 Budget \$84.4 million

FTE Employees, 399

Regional Offices, 10

How to use this Report

This Performance and Accountability Report (PAR) for fiscal year (FY) 2008 provides the National Transportation Safety Board (NTSB) financial and performance information, enabling the President, Congress, and the American people to assess the Agency's performance as provided by the requirements of the:

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

The assessment of NTSB performance contained in this report compares performance results to the Agency's strategic goals and performance goals. NTSB's Strategic Plan and annual PARs are available on NTSB's Web site at www.nts.gov/annual report. NTSB welcomes feedback on the form and content of this report.

This report is organized in the following major components:

1. Letter from the Acting Chairman of the NTSB

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

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

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

3. Performance Section

This section provides the annual performance information as required by OMB Circular A-11 and the GPRA. Included in this section is a detailed discussion and analysis on the Agency's performance in FY 2008. Information on key performance measures with past results can be found in the Performance Section.

4. Financial Section

This section contains the detail on NTSB's finances in FY 2008. The OIG Quality Control Report, the Independent Auditor's Report, followed by NTSB CFO Response's to Auditor's Report; the agency's audited financial statements, footnotes and notes to the financial statements.

Mission Statement

To promote transportation safety by maintaining our congressional mandated independence and objectivity; conducting objective, precise accident investigations and safety studies; performing fair and objective airman and mariner certification appeals; advocating and promoting NTSB safety recommendations; and to assist victims of transportation accidents and their families.

Strategic Goals

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

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

Strategic Goal #3 – Outstanding Stewardship of Resources

Strategic Goal #4 – Organizational Excellence

Table of Contents

NTSB Vital Role in Transportation Safety.....	7
A Message from the Acting Chairman.....	10
A Message from the Chief Financial Officer.....	13
Management’s Discussion and Analysis.....	15
Overview.....	15
History and Structure of the Board.....	16
Organization Chart.....	17
Regional Office Map.....	18
Mission.....	19
Performance Section.....	21
Organizational Assessment and Strategic Objectives.....	21
Strategic Planning Relationship.....	23
Operating Plan Evaluation.....	26
Strategic Goal Achievement Analysis.....	26
Operating Plan Overall Assessment.....	33
Future Performance Challenges.....	33
Financial Statements.....	35
OIG Quality Control Review.....	35
Independent Auditors’ Report.....	37
NTSB CFO Responses to Auditor’s Report.....	45
Limitations of the Financial Statements.....	46
Management Integrity: Controls, Compliance and Challenges.....	46
Discussion and Analysis of Financial Statements.....	47
Consolidated Balance Sheet.....	49
Consolidated Statement of Net Cost.....	50
Consolidated Statement of Changes in Net Position.....	51
Combined Statement of Budgetary Resources.....	52
Notes to the Financial Statements.....	53
Closing Comments (see inside back cover)	

NTSB Vital Role in Transportation Safety

Since its creation in 1967, the National Transportation Safety Board (NTSB) has investigated more than 129,000 aviation accidents and thousands of surface transportation accidents. On call 24 hours a day, 365 days a year, NTSB investigators travel throughout the country and to every corner of the world to perform investigations. Thanks to this dedication, the NTSB has become recognized as the world's leading accident investigation agency.

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

More than 12,700 safety recommendations have been issued to more than 2,200 recipients in a transportation modes as a result of NTSB investigations. Since 1990, the NTSB has published a "Most Wanted" list of transportation safety improvements, which highlights safety-critical actions that the DOT modal administrations, the U.S. Coast Guard (USCG), and the states need to take to help prevent accidents and save lives. The NTSB does not have authority to regulate transportation equipment, personnel or operations, or to initiate enforcement action. However, based on its reputation for objectivity, impartiality, and thoroughness, the NTSB has achieved such success in shaping transportation safety improvements that those who are in a position to effect these changes have adopted more than 82 percent of the agency's recommendations. Many safety features currently incorporated into airplanes, automobiles, trains, pipelines, and marine vessels had their genesis in these recommendations.

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

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

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

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

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

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

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

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

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

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

Two investigative divisions are staffed with investigative specialists dedicated to the specific transportation modes of the division. Two other divisions, the Human Performance and Survival Factors Division and the Report Development Division, provide support across the modal divisions. The office also investigates and evaluates the emergency response to accidents involving railroads, pipelines, and hazardous materials. On the basis of the investigations conducted by this office, the NTSB may

issue safety recommendations to Federal and state regulatory agencies, industry and safety standards organizations, carriers and pipeline operators, equipment and container manufacturers, producers and shippers of hazardous materials, and emergency response organizations.

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

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

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

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

A Message from the Acting Chairman

I am pleased to present Fiscal Year (FY) 2008 Annual Performance and Accountability Report (PAR) for the National Transportation Safety Board (NTSB). This report details the Agency's accomplishments and challenges in upholding our mission to promote transportation safety. As an independent agency charged by Congress with investigating every civil aviation accident in the United States and significant accidents in other modes of transportation (railroad, highway, marine, and pipeline, as well as those involving the transportation of hazardous materials) in order to determine the causes and to issue recommendations aimed at preventing future accidents.

The NTSB is recognized internationally for its aviation accident investigation expertise. However, the same tenacity and dedication to excellence are applied to accident investigations in all other modes of transportation.

This Performance and Accountability Report contains the Board's financial statements, as required by the Office of Management and Budget (OMB) Circular A-136, a selection of annual performance information and a report on the Board's internal controls, as required by the Federal Managers' Financial Integrity Act (Integrity Act).

The information provided in this report serves as a mechanism for fiscal and programmatic accountability. It is an accounting to the American people on our stewardship of the funding we received from them in FY 2008 to fulfill our mission.

For over 40 years the National Transportation Safety Board has been at the forefront of transportation safety issues, the conscience, if you will, of America's vital transportation network. The NTSB is not only our nation's premier accident investigation agency, but also enjoys an excellent reputation as the most authoritative independent safety investigative body in the world. The Board dedicated staff has worked long and hard over the years to maintain its reputation as being the "best in the safety business."

The NTSB prepared financial statements for FY 2002 that marked the first time in the history of the Board that financial statements had been prepared. Building from this valuable experience and accomplishment since FY 2003 we achieved unqualified (clean) opinions on our first, second, third, fourth and fifth audited Consolidated Financial Statements for fiscal year 2003, 2004, 2005, 2006 and 2007.

Leon Snead & Company, P.C. an Independent Public Accounting firm engaged by the Department of Transportation, Office of Inspector General (DOT-IG), has audited the Board's FY 2008 consolidated financial statements included in this report and has issued an unqualified (clean) opinion indicating that our statements present fairly the financial position of the National Transportation Safety Board. This is the best possible audit result and affirms our commitment to financial reporting excellence.

Along with this opinion, I am pleased to report on the National Transportation Safety Board's (NTSB) compliance with the *Federal Manager's Financial Integrity Act*, revised OMB Circular A-123, Management's Responsibility for Internal Control for June 30, 2008. The Integrity Act requires the Board to annually evaluate its management controls and identify any material weaknesses. This requirement covers all of the Board's programs and administrative functions. As we work to serve the American people, we must administer our programs as efficiently and economically as possible. To do this, we rely on our system of management controls to provide reasonable assurance that our financial activities comply with applicable laws, our items of value are safeguarded, and our operations are accounted for properly.

As of September 30, 2008, there is no new material weakness to report, one prior year material weakness corrected and one prior year material weakness remaining to be corrected.

The one prior year material weakness corrected is NTSB compliance with the Federal Information Security Management Act (FISMA). NTSB external auditors reported that as of September 30, 2008, "NTSB has made substantial progress in addressing weakness in the agency's Information Technology (IT) security program. Because of these actions, we believe that the agency is no longer in material non-compliance with FISMA."

Although significant progress has been made, the one prior year material weakness reported that was reported by our independent auditors during the fiscal years 2007 - 2006 Financial Statement Audit that remains to be corrected is: *Accounting Operations – controls over financial reporting need strengthening*. The auditor tests of the June 30 and September 30, 2008 financial statements identified that the control procedures were not always effectively implemented. NTSB concurred with this finding and will continue to pursue improved reporting and analytical tools and place increased management emphasis on identification and resolution of issues associated with the interim statements. NTSB is confident that this approach along with our increased experience with our new financial management system will allow us to identify and resolve issues in a timely manner.

In addition, the NTSB continues to address the Government Accountability Office (GAO) recommendations. In a April 2008 testimony before the Subcommittee on Aviation Operations, Safety, and Security, Committee on Commerce, Science, and Transportation, U.S. Senate, GAO concluded that the NTSB has made progress in following leading management practices in the eight areas in which GAO made prior recommendations. The GAO also reported that the NTSB has made progress toward correcting previously reported information security weaknesses and the NTSB has improved the efficiency of activities related to investigating accidents and tracking the status of recommendations.

The selected performance goals contained in this report summarize our success in achieving the performance goals we established for FY 2008. The Board continues to aggressively improve our performance planning practices to ensure that, in the future, our goals are results driven and oriented toward achieving desired outcomes.

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

Sincerely,
/s/

Mark V. Rosenker
Acting Chairman

A Message from the Chief Financial Officer

In FY 2008, the National Transportation Safety Board (NTSB) continued its efforts toward organizational excellence, which is defined by results. Progress for much of our efforts toward excellence is captured in the NTSB FY 2008 and 2007 Performance and Accountability Report (PAR). The PAR provides the NTSB most important financial and performance information. It is also our principal publication and report to Congress and the American people on our program leadership and our stewardship and management of the public funds entrusted to us.

I am pleased to report that for the sixth consecutive year we have received an unqualified (“clean”) opinion on the NTSB consolidated financial statements for FY 2008 and 2007 from our independent auditors. This is the best possible audit result and affirms our commitment to financial reporting excellence.

With the attainment of the independent auditor’s unqualified financial statement opinion, the Office of the Chief Financial Officer is committed to moving forward vigorously during FY 2009 to continue improving our internal control processes and fulfill our financial management improvement goals.

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

Steven E. Goldberg

November 1, 2008

Management's Discussion and Analysis

Overview

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

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

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

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

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

To date, the NTSB has investigated more than 129,000 aviation accidents and thousands of surface transportation accidents. On call 24 hours a day, 365 days a year, NTSB investigators have traveled throughout the country and to every corner of the world to perform investigations. Thanks to this dedication, the NTSB has become recognized as the world's leading accident investigation agency.

More than 12,700 safety recommendations have been issued to more than 2,200 recipients in all transportation modes as a result of NTSB investigations. Since 1990, the NTSB has published a "Most Wanted" list of transportation safety improvements, which highlights safety-critical actions that the DOT modal administrations, the U.S. Coast Guard (USCG), and the states need to take to help prevent accidents and save lives. The NTSB does not have authority to regulate transportation equipment, personnel or operations, or to initiate enforcement action. However, based on its reputation for objectivity, impartiality, and thoroughness, the NTSB has achieved such success in shaping transportation safety improvements that those who are in a position to effect these changes have adopted more than 82 percent of the agency's recommendations. Many safety features currently incorporated into airplanes, automobiles, trains, pipelines, and marine vessels had their genesis in these recommendations.

History and Structure of the Board

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

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

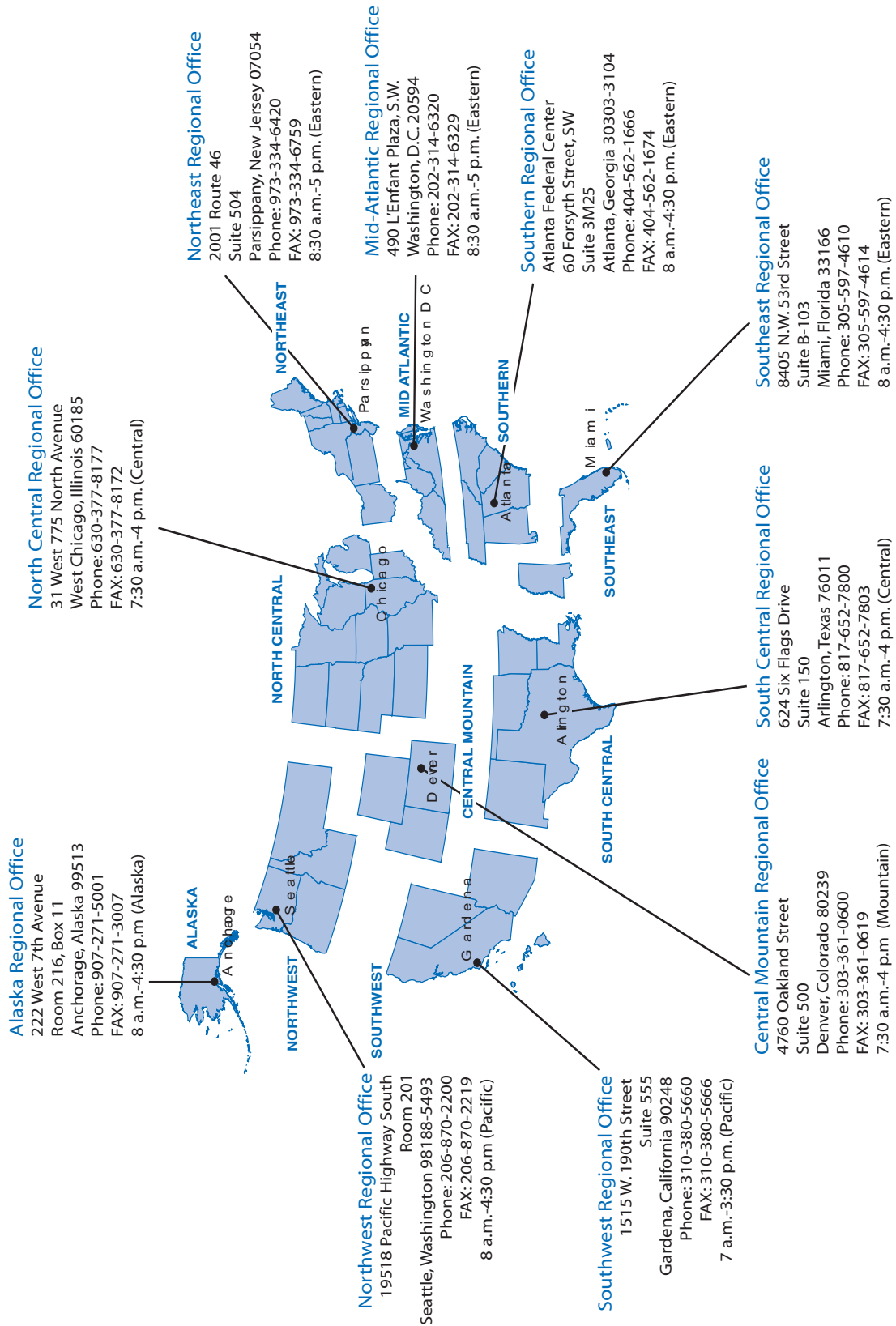
The NTSB's headquarters office is located in Washington, D.C. The NTSB also has regional offices located in Parsippany, New Jersey; Ashburn, Virginia; Atlanta, Georgia; Miami, Florida; West Chicago, Illinois; Arlington, Texas; Denver, Colorado; Anchorage, Alaska; Seattle, Washington; and Gardena, California.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

NATIONAL TRANSPORTATION SAFETY BOARD



April 18, 2008

NTSB Regional Offices



Mission

The basic components of the NTSB's mission are to:

- Maintain public confidence in the Nation's transportation systems by thoroughly and independently determining the probable cause(s) of transportation accidents and significant incidents and issuing timely and feasible safety recommendations to prevent future accidents, save lives, and reduce injuries and property damage.
- Ensure that survivors and families of victims of transportation accidents receive timely, compassionate assistance from the operator, other government agencies, and community service organizations.
- Provide aviators and mariners with fair, timely, independent appellate review of certificate actions taken by the FAA and the U.S. Coast Guard.
- Ensure effective stewardship of the resources provided.
- To provide comprehensive education and training for those who improve safety by conducting independent transportation accident investigations.

The Safety Board's proactive approach in preventing and/or reducing the severity of future transportation accidents is unique. It independently addresses real world tangible problems, allows full industry participation in its investigations, issues safety recommendations instead of regulations, and disseminates its reports and findings to as wide an audience as possible. It also provides oversight of the regulatory agencies in transportation and is the safety advocate for millions of Americans traveling through our nation's skies, roads, rails, and waterways each day. As a small, manageable organization, we react quickly to changes in the transportation environment to meet the public's needs. The NTSB is the model for a government agency that works better and costs less.

Performance Section

Organizational Assessment and Strategic Objectives

The National Transportation Safety Board (NTSB) plays an important role in supporting the nation's transportation system, which accounts for 10 percent of the U.S. economy. The NTSB's mission is to promote transportation safety by maintaining its congressionally mandated independence and objectivity, conducting objective accident investigations and safety studies, performing fair and objective airmen and mariners certification appeals, advocating and promoting safety recommendations, and assisting victims of transportation accidents and their families.

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

- Strategic Goal 1—Accomplish objective investigations of transportation accidents to identify issues and actions that improve transportation safety,
- Strategic Goal 2—Increase our impact on the safety of the transportation system,
- Strategic Goal 3—Outstanding stewardship of resources, and
- Strategic Goal 4—Organizational excellence.

In 2007, the NTSB, as part of its strategic plan development and implementation, cascaded these goals into more specific strategic objectives that can be aligned with specific office outputs that were evaluated in 2007 and 2008. The NTSB's strategic objectives—of which there are 17—have specific outcomes that investigative and non-investigative components of the agency can work toward to implement the four strategic goals. These strategic objectives are translated into specific strategies that are accomplished by the regular activities of the NTSB's staff. The following table lists the NTSB Strategic Goals and Objectives.

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

Table 1. Strategic Goals and Objectives

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

Strategic Goal 1 reflects the core mission of the NTSB and is divided into the following strategic objectives:

- Make judicious selection of accidents to investigate in each transportation mode;
- Maintain a competent and effective investigative workforce;
- Appropriately scale investigative response to accidents;
- Develop and maintain state-of-the-art investigative, analytic, and scientific tools for accident investigation; and
- Constructively affect the transportation industry.

The objectives for Goal 1 are to influence the outcomes of effective and efficient accident investigations, develop quality recommendations to remedy safety deficiencies, and prepare the transportation industry

to better address safety issues. Although the respective performance measures of all NTSB offices can influence Strategic Goal 1, particular emphasis is placed on the modal investigative offices to ensure that this goal and its strategic objectives are met.

Because the NTSB's mission is to promote transportation safety, **Strategic Goal 2**, which impacts the safety of the entire transportation system, cascades into strategic objectives that have a strong emphasis on outreach and advocacy. Leveraging its unique position in the safety industry, the NTSB believes it is necessary to provide leadership to outside stakeholders to ensure that emerging safety issues are being addressed and that political leadership is aware of public policy implications. To achieve this goal, Strategic Goal 2 has the following objectives:

- Mission work with Congress,
- Outreach,
- List of emerging safety issues, and
- Advocacy.

In implementing these objectives, the NTSB keeps Congress informed and involved in the agency's mission and promotes agreement by industry stakeholders on the most pressing safety issues in the transportation industry.

Being a small independent agency in the Executive Branch of the federal government, the NTSB is acutely aware that government resources are shrinking and ensures its limited dollars are used in the most efficient manner. With limited funding and a little more than 400 employees, the NTSB understands that its stewardship of resources needs to be outstanding. Therefore, **Strategic Goal 3** cascades into the following specific areas:

- Project planning,
- Understand and control costs,
- Deploy new information technology, and
- Manage Training Center utilization.

These strategic objectives foster using project planning for all major efforts and promoting the timely output of major work products. While moving forward, the NTSB will increase its use of project management in all facets of its operations. In addition, the resulting increased effectiveness will increase the profitability of the NTSB Training Center.

The first three strategic goals are encompassed in a fourth strategic goal, which captures the essence of the organization—namely, excellence. **Strategic Goal 4** can be further divided into the following objectives:

- Long range planning,
- Align and improve the management team,
- Enhance strategic human capital planning, and
- Enhance agency communications.

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

Strategic Planning Relationship

A key component of the NTSB's strategic framework is to ensure that various planning processes relate to each other in a constructive way and contribute logically to the four strategic goals that drive the NTSB's mission. The strategic plan serves as the overall guiding document that all other agency planning reports and processes must follow. Consequently, other reports that cascade from the NTSB Strategic Plan include the performance and accountability report, the office operating plans, and the individual performance plans of executives, managers, and staff. The relationship among these planning processes is illustrated in figure 1, which shows the planning relationships during fall 2008.

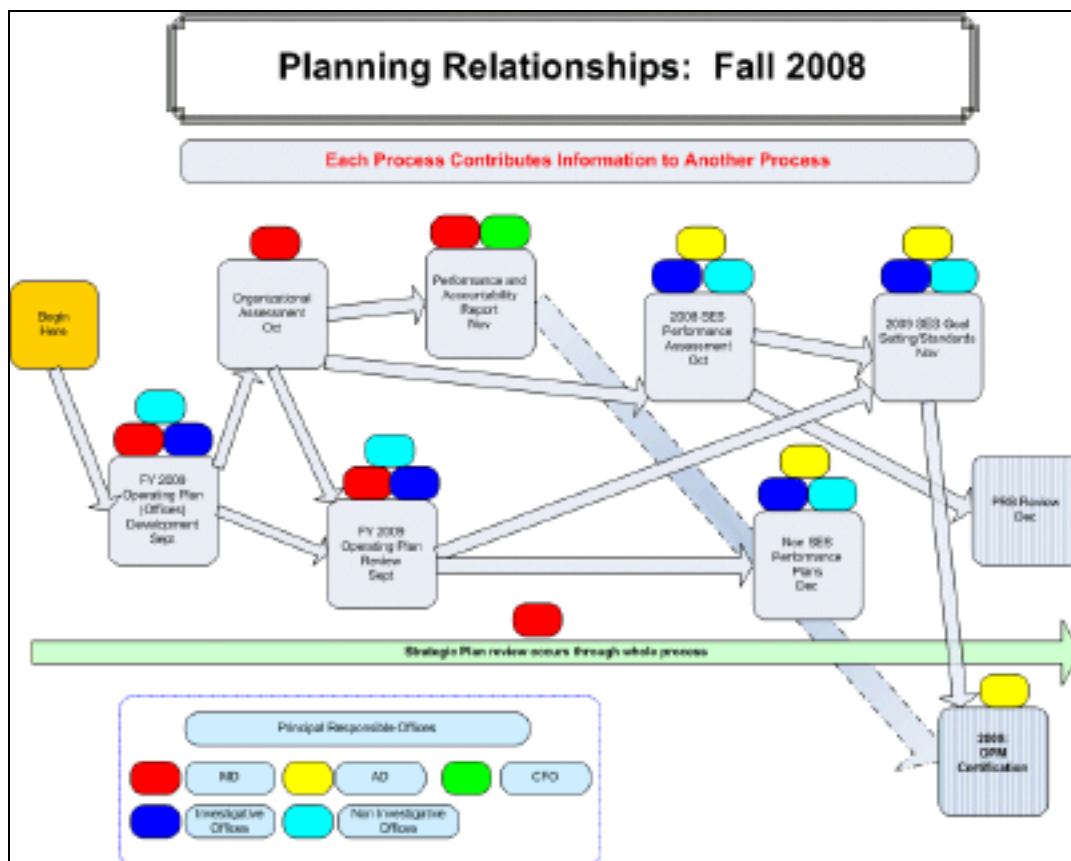


Figure 1. Planning Relationship and Timeline.

As shown in figure 1, the planning process begins with an assessment of the prior year's operating plans. This assessment uses a color-coding scheme commonly employed by other federal agencies—such as the National Aeronautics and Space Administration and the Office of Personnel Management

(OPM)—and allows the NTSB to objectively assess its performance and adjust its goals and objectives prior to starting a new fiscal year. This color-coding scheme is the agency’s “scorecard” for assessing its performance. After the assessment has been made, any adjustments feed directly into the NTSB’s 2009 operating plan performance measures—and their associated target levels—and allow the NTSB to continue on its pathway of continuous improvement. Coupled with financial information and other data, the assessment serves as a key component of the performance and accountability report.

A final component of the planning process is ensuring that NTSB Strategic Goals and Objectives are incorporated in the goals and objectives of its key managers and staff members. This effort has been recently enhanced by the OPM’s provisional approval of the NTSB’s Senior Executive Service (SES) certification process. The agency’s performance-based management culture has made huge advances during fiscal year 2008. Fiscal year 2009 is expected to be an even better performance year, as the operating plan performance measures are more fully integrated into individual performance plans. Figure 2 illustrates how the responsibility for achieving performance measures occurs at both an office and an individual level. By integrating agency performance measures into the personal objectives of its managers, the NTSB ensures that the effort of each manager is oriented toward achieving the agency’s goals and objectives, which is the hallmark of a results-oriented culture. The left side of the diagram shows how the NTSB Office of Management (MD) has overall responsibility for tracking and achieving the highest level outcome-based performance measures. The right side of the diagram shows that, depending upon the grade level of the agency employee, various types of performance measures are integrated into individual performance plans.

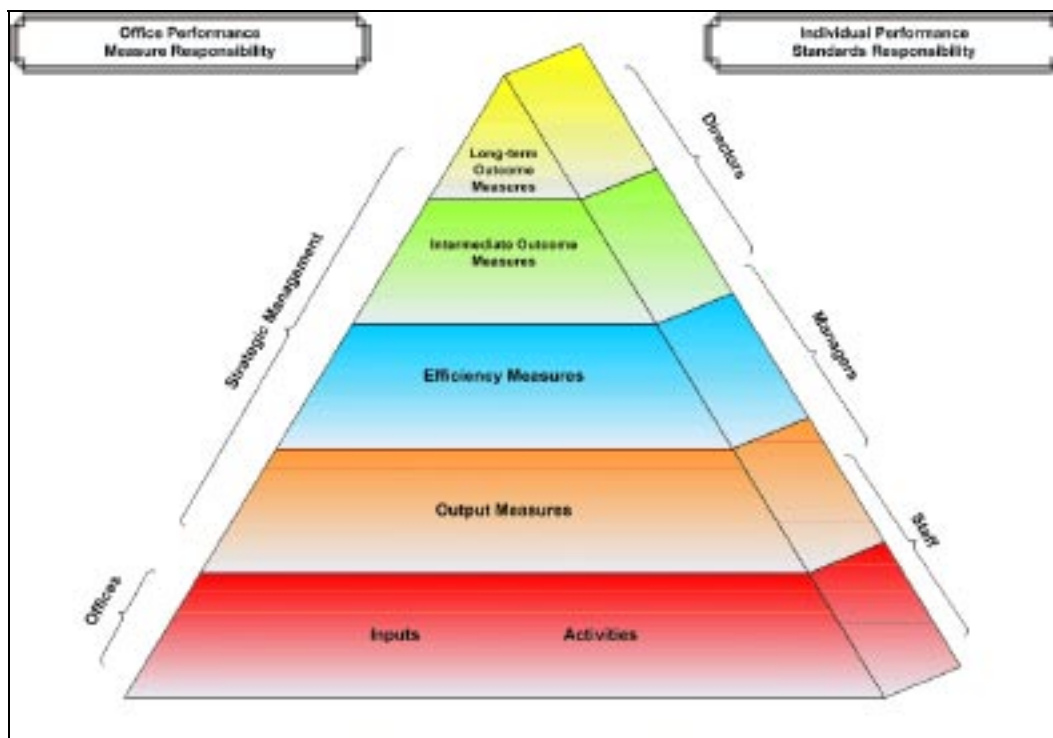


Figure 2. Responsibility for Achieving Performance Measures.

As mentioned above, to ensure the implementation of its strategic plan, the NTSB has developed several specific strategic objectives. Each of these 17 strategic objectives is linked to one of the four strategic goals and is also fully integrated with day-to-day agency activities. Each of the NTSB's 12 offices is required to develop an operating plan that incorporates relevant agency strategic objectives (known as performance objectives). Before being approved and finalized, each operating plan is internally reviewed to ensure that it includes measurable, results-based performance measures (with appropriate target levels) against each appropriate performance objective. This structure ensures that each operating plan is tightly aligned with the agency's strategic plan.

This 2008 organizational assessment highlights some of the key performance measures—representing all 12 of the office operating plans—and includes a discussion of how these measures are aligned with the agency strategic plan. As the table 2 indicates, the 2008 operating plans contain 356 separately tracked and evaluated performance measures, which are associated with the strategic objectives from the strategic plan. These measures represent both investigative and non-investigative activities of the agency.

Table 2. Performance Measure Counts.

NTSB Strategic Goals, Objectives, and Performance Measure Representation in Office Operating Plans
Goal 1: Accomplish objective investigations of transportation accidents to identify issues and actions that improve transportation safety
1.1: Make judicious selection of accidents to investigate in each transportation mode. Total of 4 Performance Measures
1.2: Maintain a competent and effective investigative workforce. Total of 6 Performance Measures
1.3: Appropriately scale investigative response to accidents. Total of 6 Performance Measures
1.4: Develop and maintain state-of-the-art investigative, analytic, and scientific tools for accident investigation. Total of 2 Performance Measures
1.5: Constructively Affect Transportation Industry. Total of 2 Performance Measures
Goal 2: Increase our impact on the safety of the transportation system
2.1: Mission work with Congress. Total of 1 Performance Measure.
2.2: Outreach. Total of 8 Performance Measures.
2.3: List of emerging safety issues. Total of 5 Performance Measures.
2.4: Advocacy. Total of 1 Performance Measure.
Goal 3: Outstanding Stewardship of Resources
3.1: Project planning. Total of 12 Performance Measures.
3.2: Understand and control costs. Total of 12 Performance Measures.
3.3: Deploy new information technology. Total of 4 Performance Measures.
3.4: Manage Training Center utilization. Total of 2 Performance Measures.
Goal 4: Organizational Excellence
4.1: Long range planning. Total of 12 Performance Measures.
4.2: Align and improve the NTSB management team. Total of 5 Performance Measures.
4.3: Enhance Strategic Human Capital Planning. Total of 12 Performance Measures.
4.4: Enhance agency communications. Total of 12 Performance Measures.
356 Total Performance Measures for the Agency, in 12 Office Operating Plans

Strategic Planning Process

During fiscal year 2008, the NTSB continued its strategic planning process by developing and publishing the operating plans for the current fiscal year, which is the third year that the plans have been developed. Each 2008 operating plan indicated the individual office strategies and performance measures, as well as associated target levels; the number of performance measures varied among the offices—from about 10 to over 40. These operating plans (including performance measures and target levels) were closely monitored during the fiscal year to ensure their successful completion and to evaluate their contribution to the strategic goals, as well as to determine whether the target levels should be included or modified for the fiscal year 2009 operating plans. In most cases, the target levels were determined to be reasonable while, in other cases, the target levels were increased to reflect continuous improvement. Minor adjustments continue to be made to ensure the proper linkage to one or more of the 17 strategic objectives. The performance measures for 2009 were developed and included in the fiscal year 2009 operating plans during September 2008.

Operating Plan Evaluation

As indicated above, each NTSB office operating plan describes specific strategies and means to achieve a performance objective and specifically articulates how a performance objective contributes to an agency strategic goal (called the “relationship to the strategic goal”). The plans specify a target level, which is the qualitative or quantitative metric(s) to be tracked. These target levels, which come in a variety of forms, are intended to be difficult but achievable. In some cases, achieving a target is a matter of completing an appropriate deliverable or completing a substantial internal activity. In other cases, achieving a target may involve reaching a percentage or numerical threshold of some degree. For fiscal year 2008, over 350 performance measures and associated target levels were monitored and evaluated. The MD conducted regular meetings with office managers to monitor the progress toward achieving performance measures, which were evaluated and assigned a corresponding color code on a quarterly basis based on the degree of progress toward completion. This evaluation method is shown in figure 3.

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

Figure 3. Color-coding Legend for Evaluating Performance Measure Progress.

Strategic Goal Achievement Analysis

The following is a discussion of each strategic goal, associated key performance measures for 2008, and an assessment of the agency’s success in achieving those measures.

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

As mentioned, this strategic goal focuses on the NTSB’s key challenge to identify those accidents in each transportation mode that represent the most important targets of investigative opportunity and improvements to safety and determine the appropriate scope and scale of such investigations. Accomplishing the strategic objectives will ensure effective and efficient investigation of transportation accidents and incidents, promote recommendations to remedy safety deficiencies, and foster a transportation industry that is better prepared to address safety issues.

For Strategic Goal 1, a significant number of evaluated performance measures were achieved by September 2008. Six of 12 offices that have operating plans had performance measures for Goal 1, and most of these offices perform investigative functions. Because the performance measures for Strategic Goal 1 reflect the core mission of the agency, the NTSB places special emphasis on these measures to ensure the best allocation of resources to achieve results in this goal category. Over 50 measures across 6 offices were tracked and evaluated for Strategic Goal 1. Primarily, the measures pertained to the levels of investigative activity and the consistency of the report production process. With these measures in place and their respective evaluation to ensure achievement, the NTSB met its legislative mission to accomplish objective accident investigations that improve the safety of the transportation industry.

The table below lists key outcome-oriented performance measures for Strategic Goal 1 and provides details on the responsible offices, target levels, and the 2008 actual performance level.

Table 3. 2008 Key Performance Measures Accomplished for Strategic Goal 1.

Responsible Office ¹	Performance Measure	Target Level	Relationship to Strategic Objective	2008 Actual Performance
RE	Complete research on two study topics per year, and develop proposal for consideration, with the intent of identifying and developing potential study plans for notation.	2 proposals	Contributes to 1.1, “Make judicious selection of accidents to investigate in each transportation mode,” by ensuring NTSB actively pursues new safety study topics to appropriately address safety issues in each mode or across modes.	NTSB developed two safety studies for consideration.
All	Increase the amount of training for each agency employee.	24 hours of total training per employee	Contributes to 1.2, “Maintain a competent and effective investigative workforce,” by ensuring NTSB employees improve skills by taking formal training.	By year end, almost all career employees had completed the required 24 hours of training.

Responsible Office ¹	Performance Measure	Target Level	Relationship to Strategic Objective	2008 Actual Performance
MD	Develop and implement action plan for implementation of appropriate recommendations from International Civil Aviation Organization (ICAO) November 2007 audit.	1 plan	Contributes to 1.3, "Develop state-of-the-art tools for accident investigation," by ensuring NTSB is using best practices when investigating aviation accidents.	NTSB has made a number of changes in responses to the ICAO audit, including creating enhanced procedures to effect changes to organizational units.
HS, RPH, AS, MS	NTSB will launch an investigation team when an accident occurs.	Varies	Contributes to 1.4, "Appropriately scale the investigative response to accidents," by ensuring NTSB responds appropriately during the on scene phases of accident investigations.	NTSB made or exceeded its goals for launching in all modes.
HS, RPH, AS, MS	Publish accident reports	Varies	Contributes to 1.5, "Constructively affect the transportation industry," by completing timely, objective reports that document the facts, analysis, findings, and recommendations of NTSB investigations.	NTSB published 24 reports during FY 2008.
MS	Develop and implement a strategic and tactical plan for NTSB involvement in the International Maritime Organization (IMO), including outcomes to affect the maritime industry and specific steps to achieve those outcomes.	1 plan	Contributes to 1.5, "Constructively affect the transportation industry," by ensuring NTSB is working with the leading international body for marine safety standards on safety issues.	NTSB developed and published the IMO coordination plan, a practical strategic handbook for contributing to international maritime safety.

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

This strategic goal emphasizes the need for the NTSB to identify possible areas of future risk before such risks lead to a series of accidents, while actively working with Congress, other government agencies, and industry groups to bring about a safer transportation system. Accomplishing the strategic objectives will ensure that Congress is informed and involved in the NTSB mission and that there is agreement on the most pressing safety issues in the transportation industry.

Eight of 12 offices had performance targets for Strategic Goal 2 on their respective operating plans. The target levels for Strategic Goal 2 primarily pertain to the NTSB's participation in outreach activities to promote safety and identification of emerging safety issues. During fiscal year 2008, the agency made significant gains in the area of outreach. NTSB staff with extensive experience in a wide array of investigative topics participated in industry committees and symposia on a regular basis. By combining

industry outreach with experience from ongoing investigations, staff capably identified emerging safety issues in aviation, highway, rail, pipeline, and the marine industries. NTSB management tracked the volume of staff interaction with industry, ensured that the emerging issues were analyzed, and that their implications for industry were clearly understood. On an ongoing basis, the NTSB evaluates various methods to share knowledge about emerging issues with industry stakeholders. Additionally, using this knowledge, the NTSB can ensure that appropriate training and additional staff resources are available for future investigations and that the agency can continue to meet its mandate to improve safety in the transportation industry.

The table below lists key outcome-oriented performance measures for Strategic Goal 2 and provides details on the responsible offices, target levels, and the 2008 actual performance level.

Table 4. 2008 Key Performance Measures Accomplished for Strategic Goal 2.

Responsible Office	Performance Measure	Target level	Relationship to Strategic Objective	2008 Actual Performance
MD	Develop and implement a congressional assistance plan, including a schedule of congressional submissions, as well as a communications strategy with the Hill.	1 plan	Contributes to 2.1, "Mission work with Congress," by ensuring that agency staff has a formal plan to work with Congress and congressional staff to advance important transportation safety issues and effectively seek necessary resources to improve agency capabilities.	NTSB developed and internally published its congressional assistance plan.
ALJ, AS, GC, HS, MS, RE, RPH	Conduct conference/seminar presentations or papers on safety-related topics.	Number of presentations/papers, varies by office	Contributes to 2.2, "Outreach," by ensuring NTSB staff are active members of the transportation community and help to promote the agency's mission and important safety issues.	All appropriate offices participated in a number of outreach efforts.
AS, HS, RPH, MS	Develop a list of potential safety issues and concrete actions to be taken to promulgate safety in the transportation industry.	1 list per investigative office	Contributes to 2.3, "List of emerging safety issues," by providing the input to the <i>Emerging Issues List</i> and identifying actions to address the key safety issues.	NTSB developed an emerging issues list during FY 2008.
AS	Hold a forum on unmanned aerial vehicles (UAV), which is an emerging issue area identified in FY 2007.	1 forum	Contributes to 2.3, "List of emerging safety issues," by taking action on one of the emerging issue areas identified in FY 2007.	NTSB held the UAV forum in April 2008.

Responsible Office	Performance Measure	Target level	Relationship to Strategic Objective	2008 Actual Performance
SRA	Increase safety advocacy by developing and implementing a Most Wanted List Annual Advocacy Plan.	1 plan	Contributes to 2.4, "Advocacy," by establishing a formal plan to advocate agency high-priority issues to increase the likelihood of positive safety changes.	All NTSB Board members were heavily involved in advocating safety issues, in accordance with the approved plan.

Strategic Goal 3 – Outstanding Stewardship of Resources

This strategic goal focuses on the NTSB's challenge to efficiently use resources in a responsible and results-oriented manner while ensuring that the agency is able to fulfill its mission. For Strategic Goal 3, most of the tracked performance measures were achieved by September 2008. Because the NTSB is committed to ensuring that the stewardship of resources—including the use of best practices in project planning, controlling costs, and deploying cost effective technology—is accomplished throughout the agency, the operating plans for all 12 NTSB offices included performance measures for Strategic Goal 3. To that end, office managers worked within an allocated budget for fiscal year 2008 and developed and managed project plans for major work projects. In addition, this strategic goal encompassed the objective of increasing utilization of the Training Center, and the NTSB was pleased to finalize additional sub-contracting arrangements for the center that led to substantial revenue. Moving forward, as the agency faces continuing challenges in meeting its mission in an environment of scarce government resources, it will emphasize clear office target levels in this area to ensure that promoting safety in the transportation industry remains the highest priority while maintaining outstanding stewardship of resources.

The table below lists key outcome-oriented performance measures for Strategic Goal 3 and provides details on the responsible offices, target levels, and the 2008 actual performance level.

Table 5. 2008 Key Performance Measures Accomplished for Strategic Goal 3.

Responsible Office	Performance Measure	Target level	Relationship to Strategic Objective	2008 Actual Performance
All	Increase project planning by ensuring that 100% of major projects will begin with a project plan and end with a post-project review.	1 plan and post-project review per major project	Contributes to 3.1, "Project planning," by ensuring all of the agency's major projects have a project plan and a post-project review to identify best practices and eliminate inefficiencies.	All offices used project planning (e.g., MD used project planning for the development and publishing of the annual report to Congress.)
CFO	Ensure that financial records are in auditable condition.	Clean condition of records	Contributes to 3.2, "Understand and control costs," by ensuring the NTSB maintains all financial systems in cost-effective manner and in accordance with government auditing standards.	The NTSB ensured performance measures for timeliness and financial condition were met.

Responsible Office	Performance Measure	Target level	Relationship to Strategic Objective	2008 Actual Performance
All	Ensure agency spending is below approved budgets.	Actual expenses are less than planned expenses	Contributes to 3.2, "Understand and control costs," by ensuring managers track expenses and keep costs below budgeted amounts.	All NTSB offices ensured actual spending was within budgeted amounts.
CIO	Implement a commercial-off-the-shelf help desk solution.	New help desk	Contributes to 3.3, "Deploy new information technology," by deploying a new web based "help desk" system to track IT support activities.	This new system was deployed during FY 2008.
CIO	Implement a secure transfer method for large files.	1 new transfer method	Contributes to 3.3, "Deploy new information technology," by providing a means for staff to send and receive large data files in a secure format, greatly reducing the amount of time it takes to transfer such files via other means.	This new system was deployed during FY 2008.
MD, AD	Maintain and increase Training Center revenues.	Revenues at or above target level for FY 2008	Contributes to 3.4, "Manage Training Center utilization," by directly increasing revenues, which add to overall profitability and utilization.	NTSB finalized two contracts with other agencies and greatly increased Training Center utilization during the fiscal year.

Strategic Goal 4 – Organizational Excellence

This strategic goal emphasizes the NTSB’s challenge to devote time and resources to thinking strategically and to developing staff, while maintaining the primary commitment to investigating transportation accidents. Accomplishing the objectives of Strategic Goal 4 will ensure that the NTSB Strategic Plan is reviewed and updated regularly, NTSB leadership operates as a cohesive team, human capital planning is enhanced, and internal communications are effective.

All 12 NTSB offices had performance targets for Strategic Goal 4 on their operating plans. The keystone objective for this strategic goal was to ensure that all offices develop a culture of planning in their structure and that planning takes a long-term perspective. In addition, although the agency strategic plan only needs to be updated every 3 years, its connection to day-to-day operations (as managed in the operating plans) makes the office operating plan a cornerstone of NTSB management. To that end, each office develops an updated operating plan on a yearly basis that is monitored over 12 months; at the end of the year, the target levels are enhanced as appropriate. A second objective in this goal category was to improve the management team, and several offices implemented initiatives to achieve that objective. For example, the MD continued with its management development program, where future leaders of the agency are selected to participate in a high-profile training program to develop leadership skills and

contribute to the agency mission at a strategic level. The third rollout of this program is expected to occur during early FY 2009. Finally, to foster the NTSB's commitment to improved communications, the agency implemented its second agency-wide communications survey during August 2008. The results of this survey revealed that communications at the NTSB continue to improve.

The table below lists key outcome-oriented performance measures for Strategic Goal 4 and provides details on the responsible offices, target levels, and the 2008 actual performance level.

Table 6. 2008 Key Performance Measures Accomplished for Strategic Goal 4

Responsible Office	Performance Measure	Target level	Relationship to Strategic Objective	2008 Actual Performance
All	Develop and complete new office long-term plans.	Varies	Contributes to 4.1, "Long-range planning," by providing a means to annually address how the agency's offices will achieve the long-range objectives and goals identified in the agency's Strategic Plan.	NTSB developed and published the IMO Coordination Plan, the International Aviation Strategic Plan, the ISTA Multimodal Plan, the Congressional Assistance Plan, and 12 Office Operating Plans.
CIO	Improve strategic planning process by updating and revising IT Strategic Plan.	1 plan	Contributes to 4.1, "Long-range planning," by identifying the major strategic focus areas to address on an annual basis that will meet the needs of NTSB customers, the general public, and other stakeholders.	NTSB developed and published its IT Strategic Plan.
MD	Finalize and implement Training Center Business Plan appendix, which includes an updated business philosophy.	1 Training Center Business Plan	Contributes to 4.1, "Long-range planning," by ensuring the Training Center Business Plan has updated information to appropriately guide agency long-range efforts to improve the use of the Training Center.	NTSB executed a new Training Center approach, which is intended to ensure maximum utilization of the space through long-term rentals.
AD	Improve human capital management by developing and issuing the Strategic Human Capital Plan, as well as the associated action plan.	1 plan	Contributes to 4.3, "Develop Strategic Human Capital Planning," by ensuring a plan is developed to address the agency's human capital needs.	The Strategic Human Capital Plan was developed and implemented. As part of the plan, a new performance management system was approved by OPM in January 2008.
MD	Improve training as a result of completing training needs survey.	Complete 1 survey and analyze results	Contributes to 4.3, "Develop Strategic Human Capital Planning," by ensuring the agency will build on its human capital through identifying and implementing appropriate training for staff to obtain and retain necessary skills.	NTSB implemented a training needs survey with a 70% response rate and is using the results of the survey to enhance the training curriculum and ensure training is more accessible for all employees.

Operating Plan Overall Assessment

Overall, the NTSB is pleased with the agency's performance during fiscal year 2008, as shown through the overall achievement of the 12 office operating plans. Through September 2008, the NTSB monitored and evaluated over 350 performance measures from the 12 plans and ensured that resources were allocated to maximize the chance of achievement. Of the 350 targets, most had been achieved by year end and were designated green in the color-coding scheme.

By having offices focus on results-oriented performance measures, management attention was constantly directed toward important agency activities, and this attention improved agency operations. In addition, these improvements directly influenced the NTSB's 17 strategic objectives—the primary intent of the strategic plan—which, in turn, contributes to achieving the four strategic goals on an ongoing basis. Furthermore, by inserting the operating plan measures into individual performance plans, the NTSB began the process of promoting accountability for achieving agency goals at an individual level. During fiscal year 2008, this performance-based culture has become embedded at NTSB management and staff levels. The performance-based culture will continue to be enhanced during fiscal year 2009, as the office operating plans are updated with new measures and target levels then tracked and evaluated during the year. The NTSB is optimistic that its results-oriented culture will continue to evolve and promote better governance in the future, thereby improving transportation safety, which is the agency's overall mission.

Future Performance Challenges

Despite the significant improvement that has been made in the safety of our national transportation system, much work remains to be done. Our objective is to identify actions to improve the safety of the system and thereby reduce the transportation fatality rate. With this objective in mind, NTSB developed a revised Strategic Plan that replaces the four strategic goals in our December 2005 plan with four goals that represent our primary areas of strategic focus for Fiscal Years 2007 through 2012. Below are the strategic goals and the challenges with face:

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

The Challenge

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

A key challenge for the NTSB is to identify those accidents in each transportation mode that represent the most important targets of investigative opportunity and to determine the appropriate scope and scale of such investigations. This selection process must balance the significance of the safety issues

involved in these accidents against the limited investigative resources available to the Board and the depth of the investigation required to develop the safety issues.

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

The Challenge

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

Working with the Congress, other government agencies, and industry groups, the NTSB takes an active role in bringing about a safer transportation system. The challenge for the agency is to identify possible areas of future risk before such risks lead to a series of accidents.

Strategic Goal #3 – Outstanding Stewardship of Resources

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

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

Strategic Goal #4 – Organizational Excellence

The Challenge

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

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

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



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

Office of Inspector General
Washington, DC 20590

November 12, 2008

The Honorable Mark V. Rosenker
Acting Chairman
National Transportation Safety Board
490 L'Enfant Plaza SW
Washington, D.C. 20594

Dear Acting Chairman Rosenker:

The audit of the National Transportation Safety Board's (NTSB) Financial Statements, as of and for the years ended September 30, 2008, and September 30, 2007, was completed by Leon Snead & Company, P.C., of Rockville, Maryland (see Enclosure). We performed a quality control review of the audit work to ensure that it complied with applicable standards. These standards include the Chief Financial Officers Act; Accountability of Tax Dollars Act of 2002; Generally Accepted Government Auditing Standards; and Office of Management and Budget Bulletin 07-04, "Audit Requirements for Federal Financial Statements," as amended.

Snead & Company concluded that the financial statements presented fairly, in all material respects, the financial position, net cost, changes in net position, and budgetary resources of the NTSB as of and for the years ended September 30, 2008, and September 30, 2007, in conformity with accounting principles generally accepted in the United States. Snead & Company reported one internal control material weakness, one significant deficiency, and no instances of noncompliance with significant laws and regulations.

Material Weakness

1. Controls over Financial Reporting Need Strengthening

Report Number QC-2009-007

Significant Deficiency

1. Cost Accounting

Snead & Company made two recommendations to enhance controls over financial reporting. We agree with the recommendations and, therefore, are not making any additional recommendations. NTSB concurred with the material weakness and significant deficiency, agreed with the recommendations, and committed to implementing corrective actions.

In our opinion, the audit work performed by Snead & Company complied with applicable standards.

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

Sincerely,



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

Enclosure

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Inspector General, Department of Transportation
Chairman, National Transportation Safety Board

Independent Auditor's Report

We have audited the balance sheets of the National Transportation Safety Board (NTSB) as of September 30, 2008 and 2007, and the related statements of net cost, changes in net position, and budgetary resources (the financial statements) for the years then ended. The objective of our audits was to express an opinion on the fair presentation of those financial statements. In connection with our audit, we also considered the NTSB's internal control over financial reporting, and tested the NTSB's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on its financial statements.

SUMMARY

As stated in our opinion on the financial statements, we found that the NTSB's financial statements as of and for the years ended September 30, 2008 and 2007, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Our consideration of internal control would not necessarily disclose all deficiencies in internal control over financial reporting that might be material weaknesses under standards issued by the American Institute of Certified Public Accountants. Our testing of internal controls identified one material weakness in controls over financial reporting; and one significant deficiency relating the lack of a cost accounting system.

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

NTSB officials in a response to the draft report, dated November 6, 2008, advised that they concurred with the findings and will take actions to address the problems identified.

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

OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying balance sheets of the NTSB as of September 30, 2008 and 2007, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position, net cost, changes in net position, and budgetary resources of the NTSB, as of and for the years ended September 30, 2008 and 2007, in conformity with accounting principles generally accepted in the United States of America.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the NTSB as of and for the years ended September 30, 2008 and 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the NTSB's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NTSB's internal control. Accordingly, we do not express an opinion on the effectiveness of the NTSB's internal control.

Because of inherent limitations in internal controls, including the possibility of management override of controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

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

Our consideration of internal control was for the limited purpose described in the first paragraph in this section of the report, and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies. We consider the issue dealing with controls over financial reporting to be a material weakness.

1. Controls over Financial Reporting Need Strengthening

Although the CFO established additional internal controls over financial reporting to address recommendations in our prior financial statement audit report, we found that the controls were not effectively implemented in some areas we tested. We attributed this condition, in part, to the resources devoted to converting the agency to a new financial management system, accounting issues resulting from that conversion, and a need for additional oversight. As a result, we identified material errors that should have been detected and corrected in the June 30, 2008, interim financial statements provided to OMB, and in the statement of net costs and related footnote disclosures for the September 30, 2008, financial statements.

To address the problems reported in our 2007 audit in this area, the CFO developed procedures and issued policies to strengthen controls over financial reporting. We found that these controls were suitability designed to address the problems we reported in our 2007 audit report. However, our tests of the June 30, and September 30, 2008, financial statements identified that the control procedures were not always effectively implemented.

NTSB personnel perform accounting reconciliations and other tests of account relationships for its financial statements and reports. These control processes are applied to such areas as Fund Balance with Treasury, payroll, and financial statement reconciliations and tests, including various account relationship tests. Similar to what we reported in our 2007 audit, the controls established by NTSB relating to the account relationship testing were not operating as designed. For example, when we performed our tests on the June 30, 2008 statements, we found several account relationships did not reconcile. For several of the areas, NTSB had identified the issue, but had not yet corrected the reconciling item for the financial statements, or showed these conditions as appropriate reconciling items. We also identified other

issues that impacted the interim statements, such as, duplicate entries made to the account 1750 for new equipment purchased during the year totaling about \$160,000, and entries posted to account 4700, totaling about \$179,000, that were not in accordance with standard general ledger.

Errors were also identified in the statement of net costs and related footnote disclosures that were material. For fiscal year 2008, NTSB's accounting system incorrectly recorded payroll costs totaling about \$45 million to the responsibility segments as intragovernmental costs instead of costs with the public. This problem was attributed to errors in the interface between the payroll accounting system, and the new financial management system implemented by NTSB beginning fiscal year 2008. NTSB revised the statement and related footnote when advised of the error.

NTSB officials advised that they will continue to pursue improved reporting and analytical tools, and will place additional management emphasis on the reported problem areas. NTSB officials indicated that this approach, coupled with the agency's increased experience with its new financial management system, will allow for more timely identification and resolution of issues.

Recommendations

Provide additional oversight to this critical financial management process, and ensure that sufficient resources are available to complete necessary analysis and corrective actions for interim and final financial statements. Work with the service provider to correct accounting system problems.

2. Cost Accounting

NTSB has not yet fully implemented a managerial cost accounting system. While the agency is able to prepare its Statement of Net Cost and related footnote disclosures, the costs associated with these statements and disclosures are determined by capturing direct salary costs for each responsibility segment based upon direct salaries for various units within the agency, which account for about 50 percent of the costs. The remaining costs are allocated based upon a ratio of direct salary costs for each program area. NTSB officials advised us that funding limits have delayed the agency from implementing a full cost accounting system. As a result, the documentation to support allocation of costs methodology employed by NTSB needs to be strengthened in order to meet the requirements contained in SFFAS No. 4.

The Government Accountability Office (GAO), in report GAO-07-118 concluded that "NTSB managers have little information they can use to plan the utilization of staff resources or manage staff workloads properly." GAO noted in this report that the NTSB lack of a cost accounting system impacted NTSB's ability to accurately track training center costs. In April 2008, GAO followed-up on its prior audit and reported that NTSB had not yet taken action to develop a full cost-accounting system. NTSB

agreed with GAO, and advised that NTSB will attempt to obtain funding to address GAO's recommendation.

In the Senate Report 110-418, *Transportation, Housing and Urban Development, and Related Agencies Appropriations Bill, 2009* the Commerce, Science and Transportation Committee stated that it is aware that GAO has recommended that NTSB develop a cost accounting system. The report states that the committee agrees with the GAO recommendation and has provided the agency with \$1,000,000 over the budget request to support the development and implementation of this system for fiscal year 2009. It should be noted that this bill was for the fiscal year 2009 budget and was not passed by the Congress.

Because of recommendations made by GAO in this area, we are not making any recommendations.

Management of NTSB has reported the aforementioned material weakness in its Performance and Accountability Report as a material weakness in internal controls over financial reporting.

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

RESPONSIBILITIES

Management Responsibilities

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

Auditor Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin 07-04 (as amended), *Audit Requirements for Federal Financial*

Statements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes: (1) examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; (2) assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

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

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

AGENCY COMMENTS AND AUDITOR EVALUATION

The CFO in a memorandum, dated November 6, 2008, concurred with the findings in the report. The CFO advised in the response that they will continue to pursue improved reporting and analytical tools, and will place additional management emphasis on the reported problem areas. NTSB officials indicated that this approach, coupled with the agency's increased experience with its new financial management system, will allow for more timely identification and resolution of issues.

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

DISTRIBUTION

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

Leon Snead & Company, P.C.
Leon Snead & Company, P.C.
November 7, 2008

Attachment 1

**Status of Prior Year Reportable Conditions, and
Non-Compliance with Significant Laws and Regulations**

Prior Year Condition	Status As Of September 30, 2008
Material Weakness: NTSB IT Security Program Not in Compliance with FISMA	NTSB has taken actions to correct problems in its IT security program that impacted its general support system. As a result, this problem has been corrected as it relates to the financial management operations of the agency.
Material Weakness: Internal controls established by the CFO over financial reporting were, generally, appropriately designed and functioning. However, we found: (1) control deficiencies continued to exist relating to the preparation, documentation, review and approval of journal vouchers; and (2) controls established relating to financial accounting relationship tests performed by the NTSB were not effectively implemented.	NTSB issued procedures to address this control weakness. However, we found that the controls were not always implemented effectively. This issue remains a material weakness.
Significant Deficiency: NTSB had not fully implemented a managerial cost accounting system. While the agency is able to prepare its Statement of Net Cost, and related footnote disclosures, the costs associated with these statements and disclosures are allocated to its responsibilities segments based upon estimates of "direct" salaries for various units within the agency which account for about one-half of the costs, and an allocation of remaining NTSB "common" costs.	Issue remains outstanding. NTSB is seeking funding to implement a cost accounting system. This issue remains a significant deficiency.
Significant Deficiency: A GAO decision dated September 25, 2007, determined that NTSB had improperly used its appropriated funds to purchase accident insurance for its employees on official travel. GAO noted that NTSB did not have an appropriation specifically available for such a purpose, and the expenditures cannot be justified as a necessary expense. GAO concluded that the payments NTSB made constitute violations of the Antideficiency Act.	NTSB has reported this violation to the President and Congress as required. This matter is corrected.

**National Transportation
Safety Board****Memorandum**

Office of the Chief Financial Officer

November 6, 2008

TO: Leon Snead
Partner

FROM: Steven E. Goldberg
Chief Financial Officer

SUBJECT: DRAFT AUDIT REPORT
Fiscal Year 2008 Financial Statement Audit Report

The National Transportation Safety Board (NTSB) has reviewed the draft fiscal years 2008 and 2007 Financial Statement Audit Report and we concur with your Findings on *Controls over Financial Reporting Need Strengthening and Cost Accounting*.

We will continue to pursue improved reporting and analytical tools and we will place increased management emphasis on identification and resolution of issues associated with the interim statements. We are confident that this approach along with our increased experience with our new financial management system will allow us to identify and resolve issues in a timely manner.

In addition, NTSB will continue to seek funding from Congress for a managerial cost accounting system and use our current financial management system for cost accounting purposes.

Please convey my appreciation to everyone on your staff who worked diligently on our financial statement audit. If you have any questions or comments, please contact me or Edward Benthall at (202) 314-6210.

Sincerely,
/s/

Steven E. Goldberg
Chief Financial Officer

cc: George Banks, Program Director,
Financial Audits, DOT OIG

Limitations of the Financial Statements

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

Management Integrity: Controls, Compliance and Challenges

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

The results of this review are included in the Acting Chairman's Statement of Assurance sent to the President on June 30, 2008. The Acting Chairman's assurance is based on NTSB Office Director Management Control Assurance Memorandums and NTSB responses to *Office Directors, Division Chiefs, and other Program Managers Risk Assessments for An Accountability Unit* conducted in accordance with the Office of Management and Budget's guidance in Circular A-123, *Management Accountability and Control*.

NTSB also relies on the findings and results of audits and studies conducted by the Department of Transportation, Office of Inspector General (DOT-OIG), Government Accountability Office 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 the Office of Management and Budget Circular A-136.

As of September 30, 2008, there is no new material weakness to report, one prior year material weakness corrected and one prior year material weakness remaining to be corrected.

The one prior year material weakness corrected is NTSB compliance with the Federal Information Security Management Act (FISMA). NTSB external auditors reported that as of September 30, 2008, "NTSB has made substantial progress in addressing weakness in the agency's Information Technology (IT) security program. Because of these actions, we believe that the agency is no longer in material non-compliance with FISMA."

Although significant progress has been made, the one prior year material weakness reported that was reported by our independent auditors during the fiscal years 2007 - 2006 Financial Statement Audit that remains to be corrected is: *Accounting Operations – controls over financial reporting need strengthening*. The auditor tests of the June 30 and September 30, 2008 financial statements identified that the control procedures were not always effectively implemented. NTSB concurred with this finding and will continue to pursue improved reporting and analytical tools and place increased management emphasis on identification and resolution of issues associated with the interim statements. NTSB is confident that this approach along with our increased experience with our new financial management system will allow us to identify and resolve issues in a timely manner.

Discussion and Analysis of Financial Statements

NTSB's FY 2008 and 2007 financial statements report the Agency's financial position and results of operations on an accrual basis. These annual financial statements are comprised of a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and related notes that provide a clear description of the Agency and its mission as well as the significant accounting policies used to develop the statements.

Consolidated Balance Sheet

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

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

NTSB's assets totaled \$44 million in FY 2008. Fund balances with Treasury—mostly undisbursed cash balances from appropriated funds—comprised about 57% percent of the total assets.

NTSB does not maintain any cash balances outside of the U.S. Treasury and does not have any revolving or trust funds. About 2% percent of NTSB's assets were comprised of accounts receivable, which reflects funds owed to NTSB by other Federal agencies and the public, and the value of equipment less accumulated depreciation.

LIABILITIES. Liabilities are recognized when they are incurred regardless of whether or not they are carried by budgetary resources. In FY 2008, NTSB had total liabilities of \$37.7 million. The largest components of NTSB's liabilities were a capital lease liability at \$19.8 million. Accounts payable reflect funds owed primarily for contracts and other services.

NET POSITION. NTSB's net position, which reflects the difference between assets and liabilities and represents the Agency's financial condition, totals \$6.3 million. This amount is broken into two categories: unexpended appropriations (amounts related to undelivered orders and unobligated balances) at \$16.6 million and cumulative results of operations (net results of operations since inception plus the cumulative amount of prior period adjustments) at less than \$10.2 million.

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

Consolidated Statement of Net Cost

The Consolidated Statement of Net Cost represents the net cost to operate the Agency. Net costs are comprised of gross costs less earned revenues, and are reported by the NTSB's major programs. NTSB's FY 2008 net cost of operations was \$87.1 million: \$88.9 million in gross costs less \$1.8 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. NTSB ended FY 2008 with a net position total of \$6.3 million. The negative change in net position was primarily the result of the liabilities not covered by budgetary resources and other liabilities.

Combined Statement of Budgetary Resources

The Combined Statement of Budgetary Resources focuses on how budgetary resources (appropriations and reimbursables) were made available, the status of those resources (obligated or unobligated) at the end of the reporting period, and the relationship between the budgetary resources and outlays (collections and disbursements). NTSB's FY 2008 budgetary resources totaled \$98.4 million and were primarily made up of budget authority funds \$84.5 million and unobligated balance \$13.3 million.

Accrual Basis of Accounting

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

When: The order is placed.

Then: The obligation is recorded as an undelivered order.

When: The materials are received and accepted.

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

When: The payment is made.

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

The accompanying notes are an integral part of these statements.

NATIONAL TRANSPORTATION SAFETY BOARD
Balance Sheet
As of September 30, 2008 and 2007

Assets	FY 2008	FY 2007
Intragovernmental:		
Fund balance with Treasury (Note 2)	\$ 24,964,107	\$ 24,346,294
Total Intragovernmental Assets	\$ 24,964,107	\$ 24,346,294
Accounts receivable (Note 3)	\$ 70,504	\$ 5,162
Property and equipment, net (Note 4)	19,027,470	21,087,500
	\$ 19,097,974	\$ 21,092,662
Total Assets	\$ 44,062,081	\$ 45,438,956
Liabilities		
Intragovernmental:		
Other liabilities	\$ 2,004,767	\$ 1,779,120
Total Intragovernmental	\$ 2,004,767	\$ 1,779,120
Accounts payable	\$ 1,800,294	\$ 385,402
Capital lease liability (Note 8)	19,782,691	20,634,374
Other Liabilities	14,136,110	13,877,809
Total Liabilities	\$ 37,723,862	\$ 36,676,705
Net Position		
Unexpended appropriations	\$ 16,552,459	\$ 18,748,951
Cumulative results of operations	(10,214,240)	(9,986,700)
Total Net Position	\$ 6,338,219	\$ 8,762,251
Total Liabilities and Net Position	\$ 44,062,081	\$ 45,438,956

The accompanying notes are an integral part of these statements.

NATIONAL TRANSPORTATION SAFETY BOARD
Statement of Net Cost
For the Period Ending September 30, 2008 and 2007

	FY 2008	FY 2007
	Aviation Safety	Aviation Safety
Gross costs	\$ 43,380,447	\$ 41,366,086
Less: Earned Revenue	(941,534)	(612,099)
Net Costs	\$ 42,438,913	\$ 40,753,987
	Surface Transportation Safety	Surface Transportation Safety
Gross costs	\$ 28,962,811	\$ 27,316,861
Less: Earned Revenue	(556,164)	(398,071)
Net Costs	\$ 28,406,647	\$ 26,918,790
	Research & Engineering	Research & Engineering
Gross costs	\$ 16,506,015	\$ 13,334,712
Less: Earned Revenue	(291,772)	(227,441)
Net Costs	\$ 16,214,243	\$ 13,107,271
Net Cost of Operations (Note 9)	\$ 87,059,803	\$ 80,780,048

The accompanying notes are an integral part of these statements.

NATIONAL TRANSPORTATION SAFETY BOARD
Statement of Changes in Net Position
As of September 30, 2008 and 2007

	Cumulative Results of Operations 2008	Cumulative Results of Operations 2007
Beginning Balances	\$ (9,986,700)	\$ (9,935,168)
Prior period adjustments	-	
Beginning balances, as adjusted	\$ (9,986,700)	\$ (9,935,168)
Budgetary Financing Sources:		
Appropriations received		
Transfers out		
Other adjustments (rescissions, etc)		
Appropriations used	\$ 84,095,898	\$ 77,545,500
Other Financing Sources:		
Imputed financing from costs absorbed by others	2,736,365	3,183,016
Total Financing Sources	\$ 86,832,263	\$ 80,728,516
Net Cost of Operations, per accompanying statement	\$ (87,059,803)	\$ (80,780,048)
Net Change	\$ (227,540)	\$ (51,532)
Cumulative Results of Operations	\$ (10,214,240)	\$ (9,986,700)

	Unexpended Appropriations 2008	Unexpended Appropriations 2007
Beginning Balances	\$ 18,748,951	\$ 19,735,152
Prior period adjustments		
Beginning balances, as adjusted	\$ 18,748,951	\$ 19,735,152
Budgetary Financing Sources:		
Appropriations received	\$ 84,499,000	\$ 79,338,308
Other adjustments (rescissions, etc)	(2,599,594)	(2,779,009)
Appropriations used	(84,095,898)	(77,545,500)
Nonexchange revenue		
Other Financing Sources:		
Other Revenue		
Transfers in without reimbursement others		
Total Financing Sources		
Total Budgetary Financing Sources	\$ (2,196,492)	\$ (986,201)
Total Unexpended Appropriations	\$ 16,552,459	\$ 18,748,951
Net Position	\$ 6,338,219	\$ 8,762,251

The accompanying notes are an integral part of these statements.

NATIONAL TRANSPORTATION SAFETY BOARD
Statement of Budgetary Resources
As of September 30, 2008 and 2007

<u>Budgetary Resources:</u>	FY 2008	FY 2007
Unobligated balance:		
Unobligated Balance, Brought Forward, October 1	\$ 13,289,011	\$ 10,146,714
Recoveries of prior year obligations: actual	1,585,504	2,040,267
Budget authority:		
Appropriation	84,499,000	79,338,308
Spending from Offsetting Collections		
Earned		
Collected	1,657,028	1,462,944
Change in Receivables from Federal sources	-	(2,401)
Change in Unfilled Orders		
Advance Received	-	
Without Advance from Federal sources		
Anticipated for rest of year, without advances	-	
Permanently not available	(2,599,593)	(2,801,224)
Total Budgetary Resources	\$ 98,430,950	\$ 90,184,608
<u>Status of Budgetary Resources:</u>		
Obligations Incurred:		
Direct		
Category A	\$ 85,797,510	76,448,843
Reimbursable: Category B	1,983,861	446,754
	\$ 87,781,371	76,895,597
Unobligated Balance		
Apportioned	\$ 6,184,977	7,969,759
Unobligated balance not available	4,464,602	5,319,252
Total Unobligated Balances	\$ 10,649,579	13,289,011
Total Status of Budgetary Resources	\$ 98,430,950	90,184,608
<u>Change in Obligated Balance:</u>		
Obligated Balance, net:		
Unpaid Obligations, Brought Forward, October 1	\$ 11,057,284	\$ 15,115,373
Uncollected customer payments from Federal sources, brought forward, October	-	(2,401)
Obligations Incurred	87,781,371	76,895,597
Less: Gross Outlays	(82,938,623)	(78,913,420)
Obligated Balance transfers, net		
Less: Recoveries of prior year unpaid obligations, actual	(1,585,504)	(2,040,267)
Change in uncollected customer payments from Federal sources	-	2,401
Obligated Balance, net, end of period:		
Unpaid obligations	\$ 14,314,528	\$ 11,057,283
Uncollected customer payments from Federal sources	-	-
Total, unpaid obligated balance, net, end of period	\$ 14,314,528	\$ 11,057,283
Net Outlays:		
Gross Outlays	\$ 82,938,623	\$ 78,913,420
Less: Offsetting Collections	(1,657,028)	(1,462,944)
Net Outlays:	\$ 81,281,595	\$ 77,450,476

The accompanying notes are an integral part of these statements.

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Accounting and Presentation

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

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

Assets

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

Fund Balance with U.S. Treasury

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

Accounts Receivable

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

Property and Equipment

General Property and Equipment

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

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

Leasehold Improvements

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

Capital Lease Assets

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

Internal Use Software

The capitalization threshold of internal use software is established at \$250,000. Only the costs associated with the software development phase including labor are subject to capitalization. Software development

phase activities generally include the design of chosen path, including software configuration and software interfaces, coding, installation to hardware and testing, including the parallel processing phase. Internal use software includes software to operate NTSB programs and software used to produce NTSB goods and services. Depreciation on these assets is calculated using the straight-line method with three years as the estimated useful life of the asset.

Liabilities

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

Accounts Payable

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

Accrued Payroll and Benefits

Accrued Payroll and Benefits represents salaries, wages and benefits earned by employees, but not disbursed as of September 30, 2008. Accrued payroll and benefits are payable to employees and are therefore not classified as intragovernmental.

Annual, Sick, and Other Leave

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

Employee Retirement Plans

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

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

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

For each fiscal year the Office of Personnel Management (OPM) calculates the U.S. Government's service costs for covered employees, which is an estimate of the amount of funds that, if accumulated annually and invested over an employee's career, would be enough to pay that employee's future benefits. Since the U.S. Government's estimated FY 2008 service cost exceeds contributions made by employer agencies and covered employees, this plan is not fully funded by the NTSB and its employees. As of September 30, 2008, NTSB recognized \$2.7 million as an imputed cost and as an imputed financing source for the difference between the estimated service cost and the contributions made by NTSB and its employees.

FERS contributions made by employer agencies and covered employees exceed the U.S. Government's estimated FY 2008 service cost. For FERS covered employees the NTSB made contributions of 11.2% of basic pay. Employees contributed .80% of gross earnings. Employees participating in FERS are covered under the Federal Insurance Contribution Act (FICA) for which the NTSB contributes a matching amount to the Social Security Administration.

Thrift Savings Plan (TSP)

Employees covered by CSRS and FERS are eligible to contribute to the U.S. Government's TSP, administered by the Federal Retirement Thrift Investment Board. The NTSB makes a mandatory contribution of 1% of basic pay for FERS-covered employees. In addition, NTSB makes matching contributions, of up to 5% of basic pay, for employees who contribute to the Thrift Savings Plan. Contributions are matched dollar for dollar for the first 3 percent of pay contributed each pay period and 50 cents on the dollar for the next 2 percent of pay. There are no percentage limits on contributions for FERS participants. There are no percentage limits for CSRS participants, but there is no governmental matching contribution. The maximum amounts that either FERS or CSRS employees may contribute to the plan in calendar year 2008 is \$15,500.

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

Contingencies

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

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

Revenues and Other Financing Sources

Appropriations

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

Annual Salaries and Expenses Appropriation

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

Supplemental Salaries and Expenses Appropriation

Supplemental appropriations provided by Congress to fund extraordinary investigations.

No Year Emergency Fund Appropriation

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

Imputed Financing Sources

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

Statement of Net Cost

Sub-Organization Program Costs

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

Earned Revenue

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

Net Position

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

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

Use of Estimates

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

Note 2

FUND BALANCES WITH THE U.S. TREASURY

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

Fund Balance with the U.S. Treasury

Funds	Entity FY 2008	Non- Entity FY 2008	Total FY 2008	Entity FY 2007	Non-Entity FY 2007	Total FY 2007
Intragovernmental:						
Appropriated Funds	\$24,964,107	\$-	\$24,964,107	\$24,346,294	\$-	\$24,346,294
Unavailable Receipt	\$-	\$-	\$-	\$-	\$-	\$-
Total	\$24,964,107	\$-	\$24,964,107	\$24,346,294	\$-	\$24,346,294

Status of Fund Balance with Treasury	FY 2008	FY 2007
Unobligated Balance		
Available	\$6,184,977	\$7,969,759
Unavailable	4,464,602	5,319,252
Obligated Balance Not Yet Disbursed	14,314,528	11,057,283
Non-Budgetary FBWT	-	-

Note 3

ACCOUNTS RECEIVABLE

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

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

The allowance for doubtful accounts is reviewed and adjusted quarterly.

	Interagency FY 2008	Public FY 2008	Total FY 2008	Interagency FY 2007	Public FY 2007	Total FY 2007
Gross Receivables	\$-	182,288	\$182,288	\$-	110,778	\$110,778
Allowance for Loss	-	111,784	\$111,784	-	105,616	\$105,616
Net Receivables	\$-	70,504	\$70,504	\$-	5,162	\$5,162

Note 4

PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of September 30, 2008 and 2007:

Property and Equipment

Classes of Fixed Assets	Service Life (Years)	Acquisition Value FY 2008	Accumulated Depreciation FY 2008	Net Book Value FY 2008	Acquisition Value FY 2007	Accumulated Depreciation FY 2007	Net Book Value FY 2007
Desktop and laptop computers and peripherals	3	\$862,733	\$862,733	\$-	\$862,733	\$862,733	\$-
Other ADP and Tele-comm equipment (servers, routers)	5	\$740,130	507,374	\$232,756	\$800,834	425,703	\$375,131
Furniture	5	\$731,128	725,991	\$5,137	\$731,128	656,460	\$74,668
Investigative equipment	5	\$576,233	304,031	\$272,202	\$415,651	212,595	\$203,056
Office Equipment	5	\$88,721	70,305	\$18,416	\$88,721	57,883	\$30,838
Internal Use Software	3	\$2,130,093	1,503,149	\$626,944	\$2,130,093	877,202	\$1,252,891
Leasehold Improvements	10	\$628,163	455,216	\$172,947	\$628,163	365,338	\$262,825
Capital lease	20	\$23,731,941	6,032,873	\$17,699,068	\$23,731,941	\$4,843,850	\$18,888,091
Totals		\$29,489,142	\$10,461,672	\$19,027,470	\$29,389,264	\$8,301,764	\$21,087,500

Note 5

ACCRUED FECA LIABILITY

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

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

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

Note 6**ACCRUED ANNUAL LEAVE**

Accrued annual leave consists of employees' unpaid leave balances at September 30, 2008 and reflects wage rates in effect at quarter end. Accrued annual leave is included in Liabilities Not Covered by Budgetary Resources, as covered in Note 7.

Note 7

LIABILITIES COVERED AND NOT COVERED BY BUDGETARY RESOURCES

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

Liabilities Covered and Not Covered by Budgetary Resources

Liabilities Covered by Budgetary Resources	FY 2008	FY 2007
Employer Contribution and Payroll Taxes Payable	\$510,162	\$376,126
Accounts Payable	1,782,794	385,402
Accrued Payroll	2,631,946	2,444,117
Unearned Revenue	125,783	281,367
	\$5,050,685	\$3,487,012
Liabilities Not Covered by Budgetary Resources		
Capital Lease Liability	19,782,691	20,634,374
Accrued Unfunded Annual Leave	4,532,886	4,243,288
Actuarial FECA Liability	6,845,495	6,909,037
Accrued Unfunded FECA Liability	1,512,105	1,402,994
Total Liabilities Covered and Not Covered by Budgetary Resources	\$37,723,862	\$36,676,705

Liabilities Covered and Not Covered by Budgetary Resources Intragovernmental and Governmental

Intragovernmental	FY 2008	FY 2007
Other Liabilities	\$2,004,767	\$1,779,120
Total Intragovernmental	\$2,004,767	\$1,779,120
Accounts Payable	1,800,294	385,402
Accrued Payroll	2,631,946	2,444,117
Capital Lease Liability	19,782,691	20,634,374
Accrued Unfunded Annual Leave	4,532,886	4,243,288
Actuarial FECA Liability	6,845,495	6,909,037
Unearned Revenue	125,783	281,367
Total Liabilities Covered and Not Covered by Budgetary Resources	\$37,723,862	\$36,676,705

Note 8

LEASES

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

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

Future Capital Lease Payments

Fiscal Year	Space Rental FY 2008	Space Rental FY 2007
2008	\$-	\$2,521,440
2009	2,521,440	2,521,440
2010	2,521,440	2,521,440
2011	2,521,440	2,521,440
2012	2,521,440	2,521,440
2013	2,521,440	2,521,440
2014 and beyond	24,794,160	24,794,160
Total Future Lease Payments	\$37,401,360	\$39,922,800
Less: Imputed Interest	(8,925,024)	(10,008,281)
Less: Executory Costs (Maintenance)	(8,693,645)	(9,280,145)
Net Capital Lease Liability	\$19,782,691	\$20,634,374

In 2003 NTSB determined that this lease should be recorded as a capital lease. Capitalizing the full net present value of the Training Center lease created a deficiency in 2001 funds. This deficiency was reported to OMB and Congress. OMB has provided guidance on future funding and reporting of this liability. With the cancellation of the FY 2001 appropriation at September 30, 2006, the budgetary accounts no longer reflect a deficiency situation. The related asset, liability, and amortization will remain on the general ledger until the lease is fully liquidated. Consolidated Appropriations Act, 2008 H.R. 2764 provided funds to make lease payments due in fiscal year 2008 only.

The lease liability not covered by budgetary resources at September 30, 2008 is \$19,782,691.

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

Future operating payments due are as follows:

Future Operating Lease Payments

Fiscal Year	Space Rental- Headquarters and Regional Offices FY 2008	Space Rental- Headquarters and Regional Offices FY 2007	Copiers FY 2007	Totals FY 2007
2008	\$-	\$2,149,071	\$676	\$2,149,747
2009	\$6,952,082	6,483,426	-	6,483,426
2010	\$6,581,807	6,485,539	-	6,485,539
2011	\$1,045,833	293,504	-	293,504
2012	\$1,320	218,784	-	218,784
2013	\$1,320	-	-	-
2014 and beyond	-	-	-	-
Total Future Lease payments	\$14,582,362	\$15,630,324	\$676	\$15,631,000

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

Future Lease Receipts

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

The first is with the Federal Aviation Administration (FAA) for the period of twelve months with the possibility of extension. This agreement will result in the receipt of \$446,875 over the twelve-month lease term, paid quarterly. This agreement commenced on September 1, 2007 and will expire on October 22, 2010. The Sub-Lessee rental rate will be annually adjusted by a reconciliation of Operating costs and taxes corresponding with increases to the Consumer Price Index (CPI) Cost of Living index.

The second is with the Transportation Security Administration (TSA) for a period of ten years. The Sub-Lessee may cancel this agreement after the first twelve months with 120 days notice without penalty. This agreement will result in the receipt of \$478,748 over the twelve-month lease term, paid quarterly. The Sub-Lessee rental rate will be annually adjusted by a reconciliation of Operating costs and taxes corresponding with increases to the Consumer Price Index (CPI) Cost of Living index.

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

This sub-lease was for the initial period of June 16, 2008 to September 30, 2008 with four option years, paid quarterly in advance. This agreement will result in the receipt of \$276,831 over the twelve-month lease term. The Sub-Lessee rental rate will be annually adjusted by a reconciliation of Operating costs and taxes corresponding with increases to the Consumer Price Index (CPI) Cost of Living index.

Future Lease Receipts at September 30, 2008

Fiscal Year	FAA	TSA	DHS
2009	446,875	478,748	276,831
2010	446,875	478,748	276,831
2011	27,930	478,748	276,831
2012	-	478,749	207,623
2013	-	478,749	-
2014 and beyond	-	1,896,376	-
Total Future Lease Receipts	\$921,680	\$4,290,118	\$1,038,116

Future Lease Receipts at September 30, 2007

Fiscal Year	FAA	TSA
2008	\$446,875	\$478,748
2009	446,875	478,748
2010	446,875	478,748
2011	27,930	478,748
2012	-	478,748
2013	-	2,373,796
2014 and beyond	-	-
Total Future Lease Receipts	\$1,368,555	\$4,767,536

Note 9

STATEMENT OF NET COST**Intragovernmental and Public Costs**

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

Fiscal Year 2007	Aviation Safety	Surface Safety	Research & Engineering	Consolidated Totals
Intragovernmental Gross Costs	\$7,434,239	\$4,693,426	\$2,400,840	\$14,528,505
Less: Intragovernmental Earned Revenue	(283,424)	(178,933)	(121,530)	(583,887)
Intragovernmental Net Costs	\$7,150,815	\$4,514,493	\$2,279,310	\$13,944,618
Gross Costs with the Public	\$33,931,847	\$22,623,435	\$10,933,872	\$67,489,154
Less: Earned Revenues from the Public	(328,675)	(219,138)	(105,911)	(653,724)
Net Costs with the Public	\$33,603,172	\$22,404,297	\$10,827,961	\$66,835,430
Net Cost of Operations	\$40,753,987	\$26,918,790	\$13,107,271	\$80,780,048

Note 10**STATEMENT OF BUDGETARY RESOURCES**

The Statement of Budgetary Resources compares budgetary resources with the status of those resources. For September 30, 2008, and September 30, 2007, respectively, budgetary resources were \$98.4 million and \$90.2 million; net outlays for the year were \$81.3 million and \$77.5 million; direct obligations incurred against amounts apportioned under Category A were \$85.8 million and \$76.4 million; and the amount of direct obligations incurred against amounts apportioned under Category B were \$2 million and \$.5 million.

	FY 2008	FY 2007
Budgetary Resources	\$98,430,950	\$90,184,608
Net Outlays	81,281,595	77,450,476
Category A Apportionments	85,797,510	76,448,843
Reimbursable Category B	1,983,861	446,754

The total of undelivered orders at September 30, 2008 and 2007 were \$9.4 million and \$7.8 million.

Note 11

NET COST OF OPERATIONS VS. BUDGET

	FY 2008	FY 2007
Resources Used to Finance Activities		
Obligations Incurred	\$87,781,370	\$76,895,597
Less: spending authority from offsetting collections and recoveries	(3,242,532)	(3,500,810)
Net obligations	\$84,538,838	\$73,394,787
Imputed financing from costs absorbed by others	2,736,365	3,183,016
Total resources used to finance activities	\$87,275,203	\$76,577,803
Resources Used to Finance Items not Part of the Net cost of operations		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	(1,538,058)	3,314,320
Resources that fund expenses recognized in prior periods	(742,571)	(797,642)
Budgetary offsetting collections and receipts that do not affect net cost of operations	(155,585)	190,388
Resources that finance the acquisition of assets	(160,582)	(1,083,664)
Total resources used to finance items not part of the net cost of operations	(2,596,796)	1,623,402
Total resources used to finance the net cost of operations	\$84,678,407	\$78,201,205
Components of the Net Cost of Operations that will not require or generate Resources in the Current Period		
Components Requiring or Generating Resources in Future Periods		
Other	160,785	703,906
Total Components Not Requiring or Generating Resources in Future Periods	\$160,785	\$703,906
Depreciation and Amortization	2,220,611	2,129,132
Other	-	(254,195)
Total components of Net Cost of Operations that will not require or generate resources in the current period	\$2,381,396	\$2,578,843
Net Cost of Operations	\$87,059,803	\$80,780,048

Note 12

EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE UNITED STATES GOVERNMENT

FY 2006 Dollars in millions	Budgetary Resources	Obligations Incurred	Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$79	\$76	\$-	\$73
Unobligated Balance Brought Forward	3	-	-	-
Permanently not available	-	-	-	-
Budget of the U.S. Government	76	76	-	73
Differences	\$-	\$-	\$-	\$-

Source: Appendix, United States Budget

FY 2006 is the latest year for which actual figures are available.

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