
Office of Inspector General

Audit Report

QUALITY CONTROL REVIEW OF AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS 2016 AND 2015

National Transportation Safety Board

Report Number: QC-2017-012

Date Issued: November 14, 2016





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

Office of Inspector General
Washington, DC 20590

November 14, 2016

The Honorable Christopher A. Hart
Chairman
National Transportation Safety Board
490 L'Enfant Plaza, SW
Washington, DC 20594

Dear Chairman Hart:

I respectfully submit our report on the quality control review (QCR) of the National Transportation Safety Board's (NTSB) financial statement audit for fiscal years 2016 and 2015.

Allmond & Company, LLC (Allmond) of Landover, MD, completed the audit of NTSB's financial statements as of and for the year ended September 30, 2016, (see enclosure) under contract to the Office of Inspector General. The contract required Allmond to perform the audit in accordance with generally accepted Government auditing standards and Office of Management and Budget (OMB) Bulletin 15-02, "Audit Requirements for Federal Financial Statements." Acuity Consulting, Inc., under contract to the Office of the Inspector General, audited NTSB's fiscal year 2015 financial statements and expressed an unmodified opinion on those statements.¹

Allmond concluded that the financial statements present fairly, in all material respects, NTSB's financial position as of September 30, 2016, and the related net cost, changes in net position, and budgetary resources, for the years ended, in conformity with U.S. generally accepted accounting principles. In its report dated November 6, 2016, Allmond did not include any reportable internal control

¹ *Quality Control Review of Audited Financial Statements for Fiscal Years 2015 and 2014, National Transportation Safety Board*, OIG Report Number QC-2016-006, November 10, 2015. OIG reports can be found on our Website, www.oig.dot.gov.

deficiencies or instances of reportable noncompliance with the tested laws and regulations.

We performed a QCR of Allmond's report and related documentation. Our QCR, as differentiated from an audit performed in accordance with generally accepted Government auditing standards, was not intended for us to express, and we do not express an opinion on NTSB's financial statements or conclusions about the effectiveness of internal controls or compliance with laws and regulations. Allmond is responsible for its report and the conclusions expressed in that report. However, our QCR disclosed no instances in which Allmond did not comply, in all material respects, with generally accepted Government auditing standards. A response to this report is not required since Allmond did not make any recommendations.

We appreciate the cooperation and assistance of NTSB's representatives and Allmond. If you have any questions, please call me at (202) 366-1407 or George Banks, Program Director, at (410) 962-1729.

Sincerely,



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

Enclosure

**NATIONAL TRANSPORTATION SAFETY BOARD
AUDIT REPORT
SEPTEMBER 30, 2016**



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Certified Public Accountants
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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the National Transportation Safety Board (NTSB), which comprise the balance sheet as of September 30, 2016 and the related statement of net cost, changes in net position, and combined statement of budgetary resources for the year ended, and the related notes to the financial statements (hereinafter referred to as the financial statements). The financial statements of NTSB as of September 30, 2015 were audited by other auditors whose report, dated November 7, 2015, expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the fiscal year 2016 financial statements of NTSB 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 No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Transportation Safety Board as of September 30, 2016, and its net costs, changes in net position, and budgetary resources for the year then ended in conformity with general accepted accounting principles in the United States of America.

Other Information

The information in the *Message from the Chairman, Management and Discussion Analysis* section, and *Other Accompanying Information* section of this report is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However we did not audit this information and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2016, we considered NTSB's internal control over financial reporting by obtaining an understanding of NTSB's internal control, determining whether internal control had been placed in operation, assessing control risk, and performing tests of control to determine auditing procedures for the purpose of expressing our opinion on the financial statements, but not to provide an opinion on the effectiveness of NTSB internal control over financial reporting. Accordingly, we do not express an opinion on NTSB's internal controls over financial reporting. We limited internal control testing to those necessary to achieve the objectives described in OMB Bulletin No. 15-02. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

Our consideration of internal control over financial reporting was for the limited purpose as described in the paragraph above and was not designed to identify all deficiencies in internal control over financial reporting that might be a control deficiency, significant deficiency, or material weakness.

A control deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A significant deficiency is a control deficiency or a combination of control deficiencies, that adversely affects NTSB's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the NTSB's financial statements that is more than inconsequential will not be prevented or detected. 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.

In our fiscal year 2016 audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be a material weakness or significant deficiency, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NTSBs' fiscal year 2016 financial statements are free of material misstatements, we performed test of NTSBs' compliance with certain provisions of laws and regulations, which noncompliance with could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws specified in OMB Bulletin No. 15-02. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance as described in the preceding paragraph, disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards or OMB Bulletin No. 15-02.

NTSB's Response to Report

NTSB management response to the results of our audit is included in a separate letter immediately following this report. NTSB's response was not subject to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

This report is intended solely for the information of the Office of Inspector General, NTSB management, OMB, and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

Allmond & Company, LLC

November 6, 2016



National Transportation Safety Board

Washington, D.C. 20594

Office of the Chief Financial Officer

November 6, 2016

TO: Jason Allmond
Allmond & Company, LLC

FROM: Edward Benthall *EB*
Chief Financial Officer

SUBJECT: DRAFT AUDIT REPORT
Fiscal Year 2016 Financial Statement Audit Report

The National Transportation Safety Board (NTSB) has reviewed the draft fiscal year 2016 Financial Statement Audit Report and we concur with the facts and conclusions in the report. We will share the final audit report with senior officials, other interested program managers and staff.

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

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

National Transportation Safety Board

Fiscal Year 2016

Performance and Accountability Report



THE NATIONAL TRANSPORTATION SAFETY BOARD AT A GLANCE

Established April 1, 1967

Headquarters

490 L'Enfant Plaza, SW Washington, DC 20594

www.nts.gov

FY 2016 Budget: \$105 million

Full-Time Equivalent Employees: 419

OUR MISSION

Independently Advancing Transportation Safety

LEGISLATIVE MANDATE

Maintaining our congressionally mandated independence and objectivity;

Conducting objective, precise accident investigations and safety studies;

Performing fair and objective airman and mariner certification appeals;

Advocating and promoting safety recommendations;

Assisting victims of transportation accidents and their families.

The National Transportation Safety Board (NTSB) is an independent federal agency charged by Congress with investigating every civil aviation accident in the United States and significant accidents in other modes of—railroad, highway, marine and pipeline. The NTSB determines the probable cause of the accidents and issues safety recommendations aimed at preventing future accidents. In addition, the NTSB carries out special studies concerning transportation safety and coordinates the resources of the federal government and other organizations to provide assistance to victims and their family members impacted by major transportation disasters.

NTSB HISTORY

The NTSB originated in the Air Commerce Act of 1926, in which the US Congress charged the US Department of Commerce with investigating the causes of aircraft accidents. Later, that responsibility was given to the Civil Aeronautics Board's Bureau of Aviation Safety when it was created in 1940. In 1967, Congress consolidated all transportation agencies into a new US Department of Transportation (DOT) and established the NTSB as an accident investigation agency within the newly created DOT. In 1974, Congress passed the Independent Safety Board Act, which severed the NTSB's ties to the DOT.

CORE VALUES

The NTSB is committed to the core values of Safety, Excellence, Independence, Integrity, Diversity and Inclusion, and Transparency.

STRATEGIC GOALS

Strategic Goal No. 1: *Conduct Effective Accident Investigations.*

Strategic Goal No. 2: *Recommend and Advocate Actions to Improve Global Transportation Safety.*

Strategic Goal No.3: *Conduct Fair and Expeditious Adjudication of Airman and Mariner Appeals from the Federal Aviation Administration and the US Coast Guard Enforcement Actions and Certificate Appeals.*

Strategic Goal No. 4: *Provide Outstanding Mission Support.*

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How to use this Report

Our Performance and Accountability Report (PAR) for fiscal year (FY) 2016 provides financial and performance information for the NTSB and compares performance results to the agency's strategic and performance goals. This information enables the President, the Congress, and the American people to assess the agency's performance as required by the following legislation:

- Federal Managers' Financial Integrity Act (FMFIA) of 1982
- Chief Financial Officers Act of 1990
- Government Performance and Results Act (GPRA) of 1993
- Government Management Reform Act (GMRA) of 1994
- Federal Financial Management Improvement Act of 1996
- Reports Consolidation Act of 2000
- Accountability of Tax Dollars Act of 2002
- Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA)
- Government Performance and Results Modernization Act (GPRAMA) of 2010
- Digital Accountability and Transparency Act (DATA Act) of 2014
- Office of Management and Budget (OMB) Circular A-11, *Preparation, Submission, And Execution Of The Budget*
- OMB Circular No. A-123, *Management's Responsibility For Internal Control*
- OMB Circular No. A-136, *Financial Reporting Requirements*

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

The FY 2016 PAR is organized into the following five sections:

Introduction. This section includes a message from the Chairman attesting to the reliability and completeness of the financial and performance information presented in the report, and includes a statement of assurance of the agency's management controls as required by the FMFIA. This section also discusses the NTSB's role in transportation safety.

Section I – Management's Discussion and Analysis. This section provides an overview of the financial and performance information later in the report. The Management's Discussion and Analysis section includes an overview of the NTSB organization, highlights of the agency's performance goals and results, the current status of systems and internal control weaknesses, and other pertinent information.

Section II – Performance Information. This section summarizes the NTSB’s strategic goals and related objectives; provides annual performance information as required by OMB Circular A-11, the GPRA, and the GPRAMA; and includes a detailed discussion and analysis of the agency’s performance in FY 2016. It also includes information about past results of key performance measures and provides a discussion of future challenges.

Section III – Financial Information. This section contains a message from the NTSB Chief Financial Officer, details of the NTSB’s FY 2016 finances, and includes the DOT’s Office of the Inspector General (DOT/OIG) Quality Control Report, the Independent Auditor’s Report, the NTSB Chief Financial Officer’s Response to the Auditor’s Report, and the agency’s audited financial statements and notes.

Section IV – Other Accompanying Information. This section includes our Management and Performance Challenges, Improper Payments Information Act (IPIA) reporting details, IPERA compliance information, and risk assessment and recapture of improper payments reporting. Successes for Freeze the Footprint implementation are also noted.

Introduction

A Message from the Chairman

I am pleased to present the NTSB's FY 2016 annual Performance and Accountability Report. This report highlights the agency's mission, reflects the application of our core values, and details our strategic goal priorities, accomplishments, and challenges in upholding our mission to promote transportation safety. It also provides an accounting to the American people on our stewardship of the funding we received from them for FY 2016 to ensure the fulfillment of our mission. This report contains the NTSB's financial statements, as required by OMB Circular A-136, a selection of annual performance information, and a report on the NTSB's internal controls, as required by the FMFIA.

The NTSB is recognized internationally for our accident investigation experience and also for issuing, advancing, and ultimately persuading others to implement our safety recommendations. For almost 50 years, the NTSB's dedicated staff has achieved excellence at the forefront of transportation safety issues. We aim to continually stimulate and promote beneficial change within the transportation community—change that helps to fulfill, and is consistent with, our mission and core values.

Being responsible stewards of the public resources provided to us by the American taxpayers and Congress is one of our most important duties. For the FY 2016 financial statement audit, we received our 14th consecutive unmodified (clean) opinion, the best possible audit result. Allmond & Company, LLC, an independent public accounting firm engaged by the DOT/OIG audited the NTSB's FY 2016 consolidated financial statements included in this report and did not identify any material weaknesses, significant deficiencies, or instances of noncompliance with laws and regulations.

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

The FMFIA requires the NTSB to annually evaluate our management controls and identify any material weaknesses. This requirement covers all agency 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.

The performance goals and accomplishments in this report summarize the NTSB's success in achieving the strategic goals we established for FY 2016.

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

Sincerely,
/s/
Christopher A. Hart, Chairman
November 6, 2016

The NTSB's Vital Role in Transportation Safety

With the responsibility vested by Congress to investigate every civil aviation accident in the United States and significant accidents in other modes of transportation—railroad, highway, marine, and pipeline, the NTSB determines the probable cause of accidents and develops recommendations that will prevent future accidents or reduce their effects in terms of injury, loss of life, or damage to property. Safety recommendations are a focal point of NTSB's effort to improve the safety of the nation's and the world's transportation systems and are issued to agencies, industry, and other organizations in a position to effect change.

The NTSB promotes transportation safety, assists victims of transportation accidents and their families, conducts safety studies, and prepares accident reports based on investigation and analyses of transportation accident and incident data. NTSB investigations are used to determine factors common to a series of events and to identify safety improvements or evaluate the effectiveness of transportation-related devices or policies. Safety studies enhance the NTSB's corporate knowledge, enabling it to better perform our transportation safety mission. Additionally, the NTSB serves as the appellate authority for enforcement actions involving aviation and mariner certificates issued by the federal Aviation Administration (FAA) and US Coast Guard (USCG), as well as the appeals of civil penalty actions taken by the FAA.

Since the NTSB's inception in 1967, we have investigated more than 144,000 aviation accidents and thousands of surface transportation accidents. On call 24 hours a day, 365 days a year, NTSB investigators traveled throughout the country and to every corner of the world. Because of this dedication, the NTSB is recognized as the world's leading accident investigation agency.

The NTSB has issued more than 14,400 safety recommendations to more than 2,300 recipients in all transportation modes as a result of our investigations. Since 1990, the NTSB has published a Most Wanted List (MWL) of transportation safety improvements, which highlights safety-critical actions that the DOT modal administrations, USCG, and others should 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, because of our reputation for objectivity and thoroughness, the NTSB has achieved such success in shaping transportation safety improvements that, over the last 5 years, those who are in a position to effect these changes have implemented more than 73 percent of the agency's recommendations. Many safety features currently incorporated into airplanes, helicopters, automobiles, commercial motor vehicles, trains, pipelines, and marine vessels had their genesis in these recommendations.

Section I – Management’s Discussion and Analysis

A. Mission and Organizational Structure

Overview

Since its creation in 1967 as an accident investigation agency within the newly created DOT, the NTSB’s mission has been to determine the probable cause of transportation accidents and incidents and to formulate safety recommendations to improve transportation safety. The NTSB’s authority currently extends to the following types of accidents:

- All US civil aviation accidents and certain public 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;
- 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 take the following additional actions:

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

History and Structure of the NTSB

With the 1967 creation of the NTSB, Congress envisioned that a single organization with a clearly defined mission could more effectively promote a higher level of safety in the transportation system than the individual modal agencies working separately. In 1974, Congress reestablished the NTSB as an independent entity separate from the DOT, reasoning that "No federal agency can properly perform such (investigatory) functions unless it is totally separate and independent from any other...agency of the United States." Because the DOT has broad operational and regulatory responsibilities that affect the safety, adequacy, and efficiency of the transportation system, and

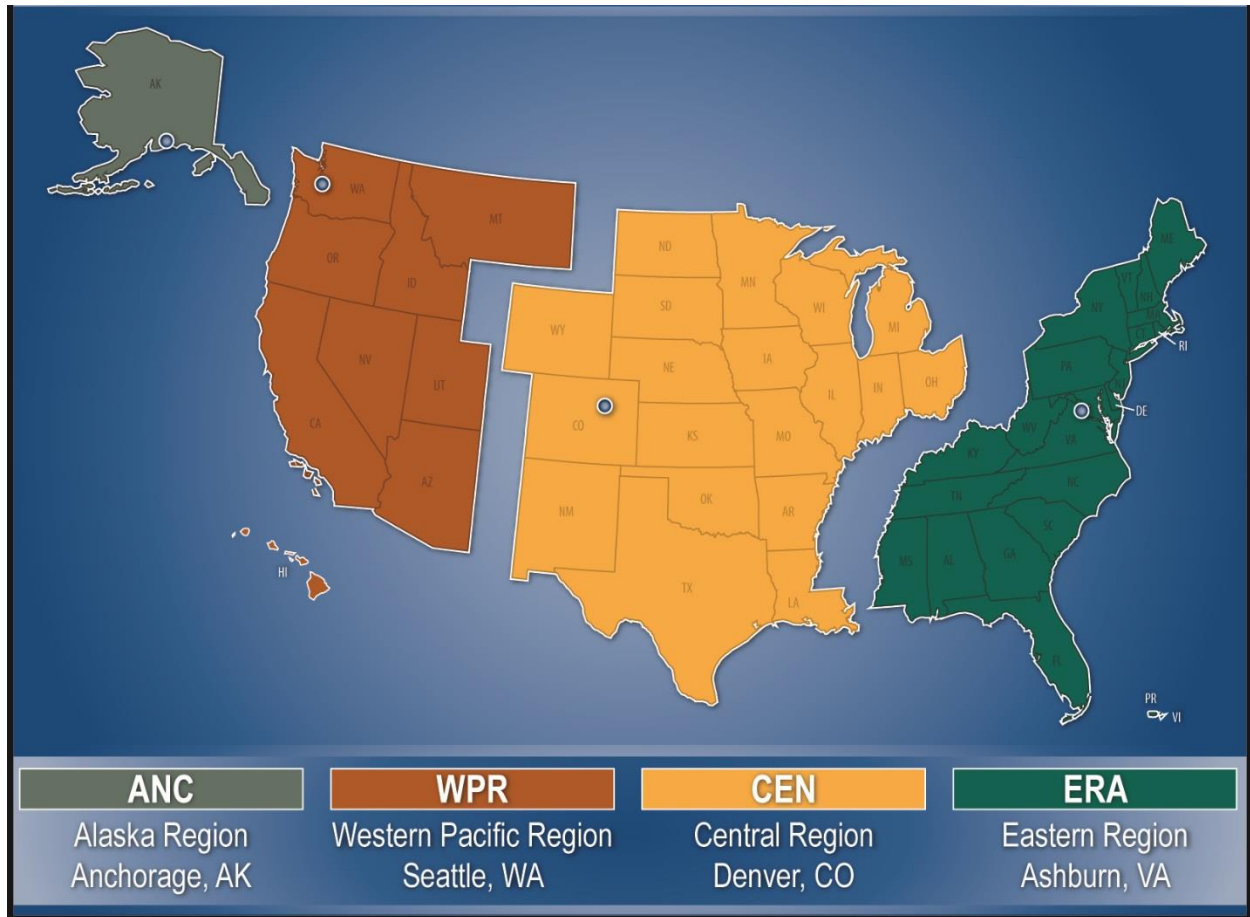
transportation accidents may suggest deficiencies in that system, the NTSB's independence was deemed necessary for proper oversight.

Although our charter is the Independent Safety Board Act of 1974, the origins of the NTSB can be found in the Air Commerce Act of 1926, in which Congress charged the Commerce Department with investigating the causes of aircraft accidents. The rules of the NTSB are located in Chapter VIII, Title 49 of the *Code of Federal Regulations (CFR)*. The NTSB has no authority to regulate, fund, or be directly involved in the operation of any mode of transportation. We conduct investigations and make recommendations from an objective viewpoint.

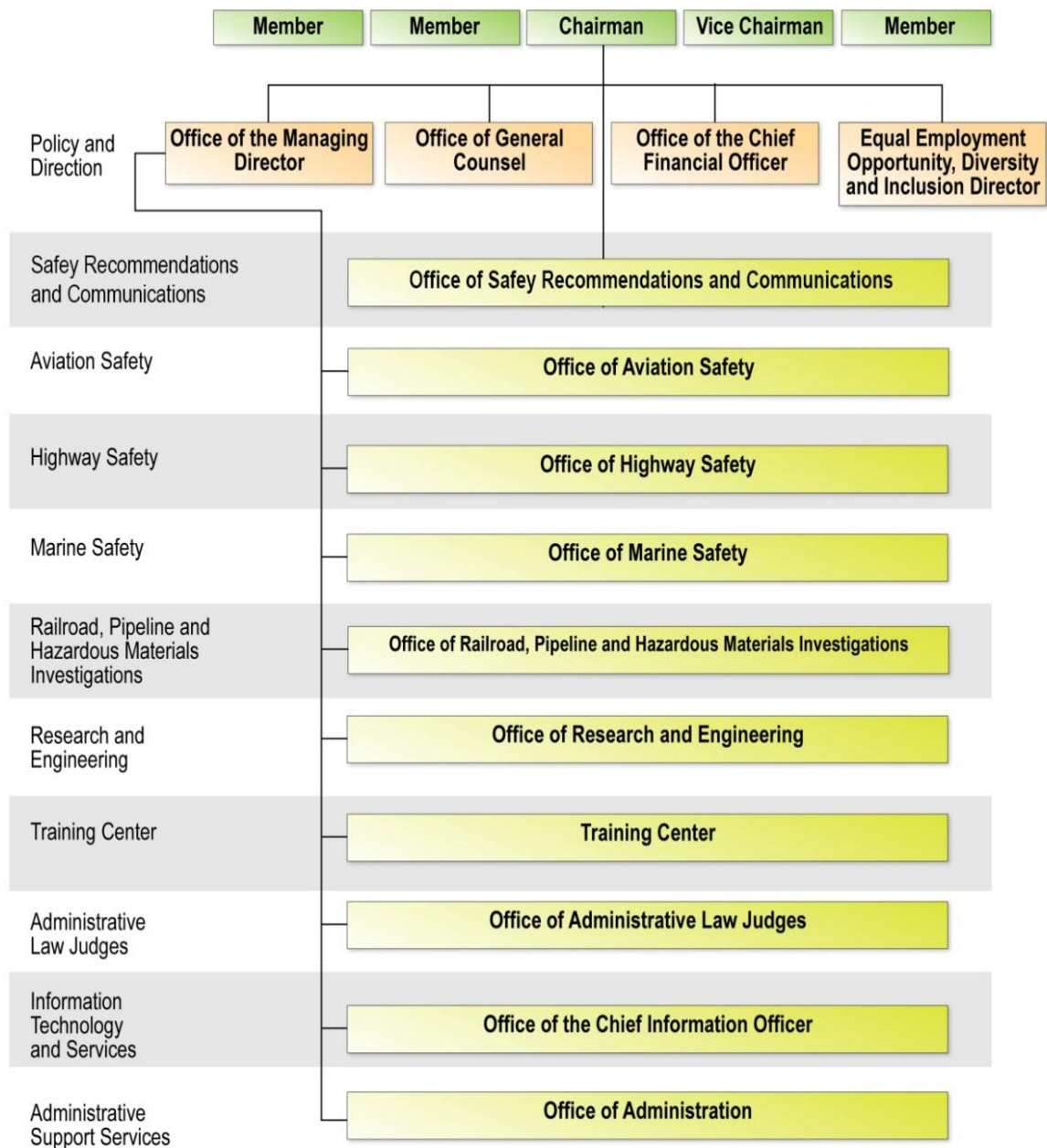
In 1996, Congress assigned the NTSB the additional responsibility of coordinating federal assistance to families of aviation accident victims. While originally legislated to provide assistance following major aviation accidents, the program has expanded to provide assistance in all modes of transportation on a case-by-case basis.

The NTSB's headquarters office is located in Washington, DC. The NTSB also has investigators strategically located in Ashburn, Virginia; Denver, Colorado; Anchorage, Alaska; and Seattle, Washington (see the following map of the NTSB's US regional presence). The Office of Aviation Safety has organized the staff assigned in the 48 contiguous states into three mega-regional offices; Alaska forms a fourth region. In addition, two aviation investigators are based in Hawaii.

NTSB US Regional Presence



NTSB Organization and Program Structure



The NTSB Chairman serves as the chief executive officer for the agency. The Chairman, Vice Chairman, and Board Members establish policies on transportation safety issues; review and approve major accident reports, safety studies, and safety recommendations; and provide appellate review of FAA certificate and certain civil penalty actions, as well as USCG license actions. They also preside over accident or other transportation safety hearings, testify before congressional committees, and participate in agency go-teams on major investigations.

Office of the Managing Director (MD): The MD assists the Chairman in the discharge of the

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

There are two organizational units within the MD—the Training Center and the Executive Secretariat Division. The Training Center manages workforce development and external training functions. The Executive Secretariat Division is responsible for managing the Board members' review of the agency's products and correspondence, as well as the processing and archiving of external correspondence.

The Office of Safety Recommendations and Communications (SRC): SRC comprises six divisions: Safety Recommendations, Safety Advocacy, Media Relations, Digital Services, Government and Industry Affairs, and Transportation Disaster Assistance (TDA). The SRC ensures that the NTSB mission and actions are accurately and effectively communicated to congressional stakeholders, victims of transportation accidents and their families, state and local governments, the press, and the general public. The office also administers the NTSB's safety recommendation program, advocating for the implementation of NTSB recommendations to address critical transportation safety issues.

Safety recommendations are issued to government agencies at all levels, transportation operators, safety organizations, and other key stakeholders to improve the nation's transportation system. The adoption of NTSB safety recommendations is not mandatory but to emphasize their importance Congress requires the DOT and its agencies to respond to recommendations within 90 days of their issuance.

As part of its advocacy efforts, the SRC develops and administers the MWL based, in part, on safety recommendations for which corrective action has yet to be taken. The MWL is the agency's preeminent advocacy tool, highlighting issue areas whose resolution would have significant impact on transportation safety at the national and state levels. A new list is announced annually at a press conference. Although the NTSB actively advocates for the acceptance of all our safety recommendations, follow-up efforts for the recommendations supporting MWL issue areas are generally more aggressive.

Office of Aviation Safety (AS): The mission of AS is to accomplish the following: (1) investigate all air carrier, commuter, and air taxi accidents; in-flight collisions; fatal and nonfatal general aviation accidents (about 1,500 annually); and certain public aircraft accidents; (2) participate in the investigation of major airline crashes in foreign countries that involve US carriers, US-manufactured or -designed equipment, or US-registered aircraft to fulfill US obligations under International Civil Aviation Organization agreements; and (3) investigate safety issues that extend beyond a single accident to examine specific aviation safety problems from a broader perspective. AS also investigates certain accidents and incidents involving commercial space transportation and unmanned aircraft systems.

As a result of these investigations, AS is responsible for proposing probable causes for the Board's consideration and approval. Working with other offices within the NTSB, AS also develops recommendations intended to prevent the recurrence of similar accidents and incidents and to otherwise improve aviation safety.

AS conducts investigative activities through five specialty divisions (Major Investigations, Operational Factors, Aviation Engineering, Human Performance and Survival Factors, and Writing and Editing) based in Washington, DC, and a regional investigation management structure consisting of four regional office sites. Investigators are located throughout the country. International aviation activities are coordinated from the Washington, DC, headquarters.

Office of Highway Safety (HS): HS investigates accidents that have a significant effect on public confidence in highway transportation safety, highlight national safety issues, or generate high public interest and media attention. Such accidents may include collapses of highway bridge or tunnel structures, mass casualties and injuries on public transportation vehicles (such as motor coaches and school buses), and collisions at highway-railroad grade crossings. We are also interested in accidents that involve new safety issues or technologies. HS conducts special studies based on trends emerging from NTSB accident investigations and from other research and accident data that identify common risks or underlying causes of accidents. The NTSB is the only organization that performs independent, comprehensive, and transparent multidisciplinary investigations to determine the probable causes of highway accidents, with the goal of making recommendations to prevent similar accidents. Our investigations restore public confidence in the nation's highway systems and provide policymakers with unbiased analysis. HS is composed of the Investigations Division and the Report Development Division.

Office of Marine Safety (MS): MS investigates major marine accidents in the territorial waters of the United States, including accidents involving US-flagged merchant vessels worldwide and those involving both US public and nonpublic vessels in the same casualty. In addition, the office investigates select catastrophic marine accidents or those of a recurring nature. The USCG conducts preliminary investigations of all marine accidents and notifies the NTSB if an accident qualifies as a major marine casualty, which is defined as resulting in at least one of the following:

- The loss of six or more lives
- The loss of a mechanically propelled vessel of 100 or more gross tons;
- Property damage initially estimated as \$500,000 or more; or
- Serious threat (as determined by the USCG Commandant and concurred in by the NTSB Chairman) to life, property, or the environment due to hazardous materials.

MS investigates and determines the probable cause of all major marine casualties. For select major marine casualties, the office launches a full investigative team and presents the investigative product to the Board. In all other major marine casualties, MS launches marine investigators to the scene to gather sufficient factual information to develop a marine accident brief report. The majority of these brief investigation reports are adopted by the MS director through delegated authority; the remainder are adopted by the five-member Board.

MS is also responsible for overall management of the NTSB international marine safety program, under which we investigate major marine casualties involving foreign-flagged vessels in US territorial waters and those involving US-flagged vessels anywhere in the world. Accidents involving foreign-flagged vessels accounted for 38 percent of NTSB marine accident investigations

in the past 5 years.

Office of Railroad, Pipeline, and Hazardous Materials Investigations (RPH): RPH investigates accidents involving railroads, pipelines, and hazardous materials, and evaluates the associated emergency response. On the basis of these investigations, 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. RPH consists of four divisions: Railroad, Pipeline and Hazardous Materials, Human Performance and Survival Factors, and Report Development.

Office of Research and Engineering: The Office of Research and Engineering provides technical support to NTSB accident investigations in all modes of transportation. The office—consisting of four divisions (Safety Studies and Statistical Analysis, Vehicle Performance, Vehicle Recorders, and Materials Laboratory) and one program area—also conducts safety studies, generates periodic statistical reviews of aviation accidents, and provides medical and toxicology support for investigations in all modes.

Office of Administrative Law Judges: The NTSB serves as the “court of appeals” for airmen, mechanics, or mariners whenever the FAA or the USCG takes a certificate action. The NTSB currently has four judges: three are assigned to headquarters in Washington, DC, and one is located in Denver, Colorado. They hold hearings based on their circuit assignment.

Office of the Chief Information Officer (CIO): The CIO provides strategic direction and operational support for NTSB information systems and develops and distributes programs and products for use by the agency and the public. The CIO consists of four divisions and one program area: Computer Services, Systems Support, Records Management, Enterprise Architecture, and the Information Technology Security Program.

Office of Administration (AD): AD coordinates and manages the infrastructure and support activities of the agency. This office provides assistance in the areas of human resource management, labor relations, facilities management, safety, security, acquisitions, and lease management. Physical inventory, shipping and receiving, and management of the NTSB’s conference center are also major functions managed by AD.

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

Office of the Chief Financial Officer (CFO): The CFO manages NTSB financial resources, develops

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

Office of Equal Employment Opportunity, Diversity, and Inclusion (EEODI): EEODI advises and assists the Chairman and NTSB office directors in carrying out their responsibilities relative to Title VII of the Civil Rights Act of 1964, as amended and other laws, executive orders, and regulatory guidelines affecting diversity development and the processing of equal employment opportunity complaints. EEODI services also include mandatory educational training activities, diversity awareness and targeted outreach, and internal recruitment initiatives/career enhancement advisory services. Additionally, the EEODI manages an alternative dispute resolution program.

Mission

Independently Advancing Transportation Safety is the core mission of the NTSB. Our status as an independent government agency makes the NTSB different from other stakeholders in the transportation industry. Transportation companies are motivated by financial gain, and many are ultimately accountable to their shareholders. Other government agencies (for example, the FAA, the Federal Railroad Administration, the Federal Highway Administration, and the USCG) have an official role in establishing and enforcing industry regulations. The NTSB has no such interests or obligations. Our most important stakeholder is the traveling public.

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

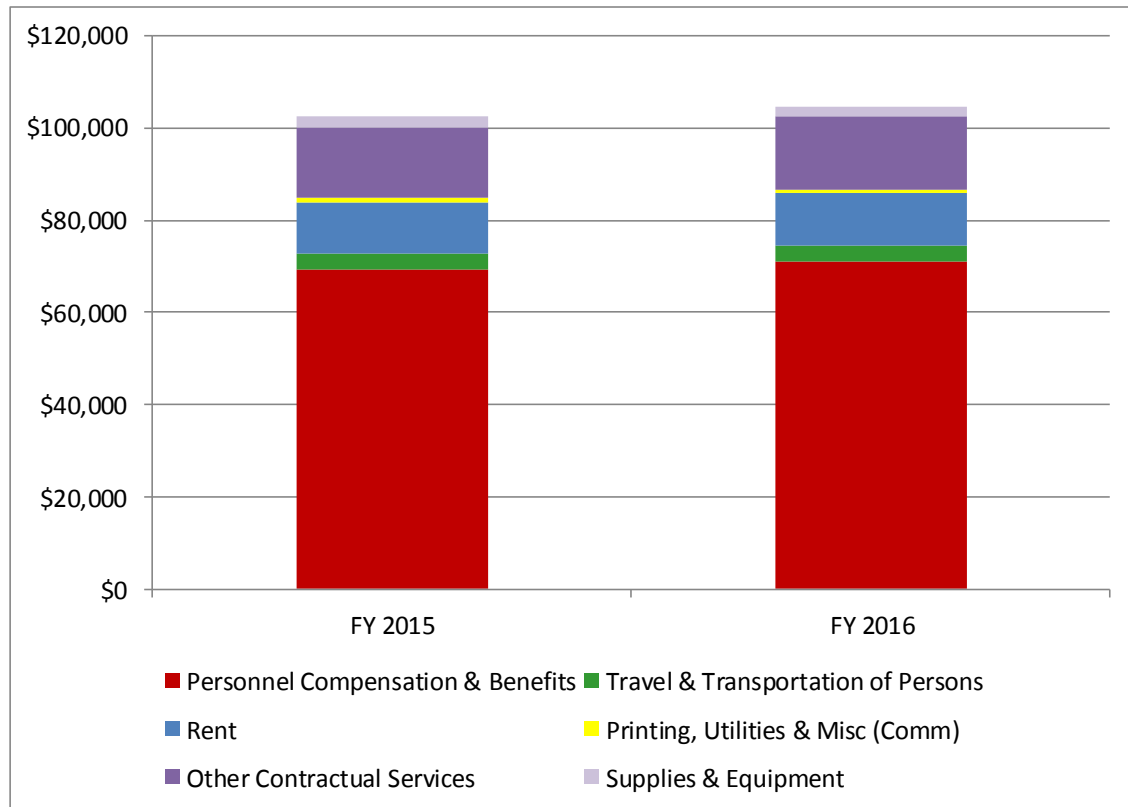
Actions to correct deficiencies that contribute to accidents are often identified early in the investigative process. The NTSB strongly supports and encourages voluntary efforts to effect safety changes and works with parties to implement such changes. In other situations, the NTSB invokes the more formal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

Sources of Funds

Annually, the NTSB receives an appropriation for necessary expenses of the National Transportation Safety Board as authorized by 5 *United States Code (USC)* 3109, of which not to exceed \$2,000 may be used for official reception and representation expenses. In FY 2016, the NTSB's authorized funding level included an appropriation of \$105,170,000. During FY 2016 the NTSB additionally received \$1,250,000 in discretionary spending authority for reimbursable

services provided to other federal agencies, state and local governments, and the public to be credited as offsetting collections to the account that financed the activities and services for which the fee was imposed or with which the refund or reimbursement was associated. Fees are available for expenditure only to pay the costs of activities and services for which the fee is imposed or with which the refund or reimbursement is associated and remain available until expended.

NTSB Salaries and Expenses Appropriation Funds by Object Classification (\$000s)



The figure above represents the NTSB's FY 2016 obligations by personnel and non-personnel costs. Personnel costs, which are primarily comprised of salaries and employee benefits, accounted for 71 percent of NTSB costs. The remaining 29 percent was spent on non-personnel items, such as equipment and infrastructure, software, hardware, office rent, building security, travel, and other related costs.

B. Performance Goals, Objectives and Performance Results

Summary of Significant Performance Results

This section provides a summary of the results of the NTSB's key performance objectives, which are discussed in greater detail in Section II of this report. The FY 2016 performance planning is developed from the NTSB's Strategic Plan for Fiscal Years 2013 to 2016 and is supported by the NTSB's Operating Plan. The work is structured around four strategic goals and nine objectives.

Highlights of Performance Measures

Strategic Goal #1 Conduct effective accident investigations					
Objective 1.1 Select and scale an appropriate response to accident investigations and incidents					
Performance Measure Type	Measure Name	Office	FY15 Results	FY16 Target Level	FY16 Results
Output	Number of products adopted by the Board	AS	25	15	18
		HS	18	7	18
		MS	5	4	6
		RE	10	8	8
		RPH	31	2	11
Efficiency	Average time (in months) to complete Board-adopted products	AS	14.5	<16	7
		HS	7	<16	8
		MS	6.9	<16	11.4
		RE	5	<16	4.5
		RPH	8.1	<16	5
Output	Number of products produced to improve transportation safety	AS	N/A	220	264
		HS	N/A	12	20
		MS	N/A	6	21
		RPH	N/A	6	8
		SRC	N/A	150	296
Objective 1.2 Select and appropriately scale the NTSB's work on international accidents, incidents, and safety issues					
Output	Number of international cooperative activities completed	AS	29	11	21
		MS	3	4	5
Objective 1.3 Continue to effectively coordinate and deliver Transportation Disaster Assistance (TDA) to the accident victims and their family members					
Output	Percent of TDA support provided to major aviation and rail accident investigations as legislated	SRC	100%	100%	100%

Strategic Goal #1 (cont'd)**Objective 1.4 Engage in outreach with transportation community to improve awareness of lessons learned from accident investigations nationally and internationally**

Performance Measure Type	Measure Name	Office	FY15 Results	FY16 Target Level	FY16 Results
Outcome	Number of outcome-oriented safety results involving industry or government stakeholders	AS	29	75	79
		HS	25	6	29
		MS	4	4	15
		RE	4	12	56
		RPH	13	6	8
		SRC	N/A	175	339

Strategic Goal #2**Recommend and advocate actions to improve global transportation safety****Objective 2.1 Identify new and creative ways to advocate safety recommendations and other safety**

Performance Measure Type	Measure Name	Office	FY15 Results	FY16 Target Level	FY16 Results
Output	Number of safety recommendations closed acceptably during the FY	SRC	110	75	81

Strategic Goal #3**Conduct fair and expeditious adjudication of airman and mariner appeals from the Federal Aviation Administration and the US Coast Guard enforcement actions and certificate appeals****Objective 3.1 Effectively manage the appeals process and appropriately protect the rights of airmen and mariners seeking the NTSB's review while balancing their interests with considerations of aviation and marine safety**

Performance Measure Type	Measure Name	Office	FY15 Results	FY16 Target Level	FY16 Results
Outcome	Percentage of total cases disposed of during the FY	ALJ	79%	70%	71%
Output	Total number of non-emergency enforcement backlog cases on hand	GC	4	<15	4

Strategic Goal #4 <i>Provide outstanding mission support</i>					
Objective 4.1 Maintain efficiency in utilizing agency resources					
Performance Measure Type	Measure Name	Office	FY15 Results	FY16 Target Level	FY16 Results
Outcome	Obtain a modified or better opinion on financial statements	CFO	Yes	Yes	Yes
Outcome	Operate an effective management controls programs	CFO	Yes	Yes	Yes
Outcome	Implement IT solutions to increase innovation and collaboration into NTSB's mission and administrative processes	CIO	7	5	4
Outcome	Percentage of regulation parts updated each year	GC	N/A	20%	20%
Objective 4.2 Align and improve human capital planning and diversity					
Output	Number of activities supporting EEO and Diversity Outreach	All	N/A	1 activity each per Office Director & Deputy	Yes
Objective 4.3 Number of employee engagement, satisfaction, and inclusion actions					
Output	Number of employee engagement, satisfaction, and inclusion actions	All	N/A	2 actions per office	Yes
Output	Percentage of staff trained on the New Inclusion Quotient (<i>agency cumulative metric</i>)	All	N/A	25%	60%

Environmental Analysis

The NTSB's ability to achieve our strategic goals may be influenced by the changing balance of industry operations; other federal, state, and local government activities; national priorities; market forces; and resource availability. The following factors may affect the achievement of strategic goals for FY 2016:

- Challenges in achieving closure of significant recommendations.
- Difficulty in retaining and recruiting staff with critical technical experience.
- Dealing with retirement or attrition of key personnel.
- Managing under budgetary constraints, including fluctuations in appropriations.
- Responding to emerging technologies that affect the NTSB's investigative process as well as its advocacy and outreach efforts.

Evaluation and Planning Process

The NTSB's approach to performance measure evaluation has helped drive our overall planning process. Over the last several years, the planning process has been improved by streamlined collection and reporting techniques. Overall, the agency has improved the selection and evaluation of performance measures, resulting in measures that have been designated as priorities for the agency and can be accomplished in 2 years or less. The measures are more aligned with our strategic objectives in our strategic and annual operating plans. This approach will continue and will result in additional improvements to the evaluation of our planning process.

C. Analysis of Financial Statements and Stewardship Information

Discussion and Analysis of Financial Statements

The NTSB's FY 2016 and 2015 financial statements report the agency's financial position and the results of operations on an accrual basis. These annual financial statements comprise a Consolidated Balance Sheet, a Consolidated Statement of Net Cost, a Consolidated Statement of Changes in Net Position, and a Consolidated Statement of Budgetary Resources along with related notes that provide a clear description of the agency, our mission, and the significant accounting policies used to develop the statements.

Limitations of the Financial Statements

Responsibility for the integrity and objectivity of the financial information presented in the financial statements lies with NTSB management. The accompanying principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 *USC* 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with generally accepted accounting principles (GAAP) for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the awareness that they are for a component of the US Government, a sovereign entity.

Consolidated Balance Sheet

The major components of the Consolidated Balance Sheet are assets, liabilities, and net position. Assets represent agency resources that have future economic benefits. The NTSB's assets totaled \$46.4 million in FY 2016. Fund balances with the US Treasury—mostly undisbursed cash balances from appropriated funds—comprised about 78 percent of the total assets. The NTSB does not maintain any cash balances outside of the US Treasury and does not have any revolving or trust funds. Less than 1 percent of the NTSB's assets were composed of accounts receivable, which reflect funds owed to the NTSB by other federal agencies and the public. The value of equipment, less accumulated depreciation, was \$10.2 million.

Liabilities are recognized when they are incurred, regardless of whether they are covered by budgetary resources. In FY 2016, the NTSB had total liabilities of \$30.5 million. The largest component of these liabilities was a capital lease liability of \$11.1 and \$12.5 million in 2016 and 2015, respectively. Accounts payable reflect funds owed primarily for contracts and other services.

The NTSB's net position, which reflects the difference between assets and liabilities and represents the agency's financial condition, totals \$15.8 million. This amount is broken into two categories: unexpended appropriations (amounts related to undelivered orders and unobligated balances) of \$23.5 million and cumulative results of operations (net results of operations since inception plus the cumulative amount of prior period adjustments) of less than \$-7.7 million. The negative 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 composed of gross costs less earned revenues and are reported by the NTSB's major programs. The NTSB's FY 2016 net cost of operations was \$108.4 million: \$110.3 million in gross costs less \$1.9 million in earned revenues.

Consolidated Statement of Changes in Net Position

The Consolidated Statement of Changes in Net Position reports the changes in net position during the reporting period. The NTSB ended FY 2016 with a net position total of \$15.8 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 reimbursable) were made available, the status of those resources (obligated or unobligated) at the end of the reporting period, and the relationship between the budgetary resources and outlays (collections and disbursements). The NTSB's FY 2016 budgetary resources totaled \$124.4 million and primarily consisted of budget authority funds of \$106.5 million and an unobligated balance of \$17.9 million.

D. Management Assurances—Internal Control Framework and Legal Compliance

Internal Control Framework

As stated in the Chairman's FMFIA Statement of Assurance, the NTSB has no material weaknesses or non-conformances to report for FY 2016. No new material weaknesses or significant non-conformances were identified for the past 3 years nor were there any existing unresolved weaknesses requiring corrective action. The NTSB has achieved the intent of the Act to prevent problems through systematic review and evaluation of the agency's programs and operations and through management and financial controls.

The NTSB conducts an annual review of the adequacy of our management accountability and controls program in accordance with the FMFIA and revised OMB Circular A-123 *Management's Responsibility for Internal Control*. For FY 2016, the NTSB continued to follow established Internal Control Review (ICR) Plans and also established five new ICR plans to evaluate the adequacy of controls in place for designated areas and to assist management in strengthening controls where necessary.

The NTSB provides reasonable assurance that internal controls over the effectiveness and efficiency of operations, reliable financial reporting, and compliance with applicable laws and regulations were operating effectively and thus our programs and resources are protected from waste, fraud, abuse, and mismanagement. This assurance includes certification that the appropriate policies and controls are in place to mitigate the risk of fraud and inappropriate charge card practices. The results of this review are included in the Chairman's Statement of Assurance sent to the President on September 30, 2016. The Chairman's assurance is based on NTSB Office Director Management Control Assurance Memoranda and NTSB responses to Office Directors' Risk Assessments for an accountability unit, conducted in accordance with the OMB's guidance in Circular A-123.

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

The NTSB also relies on the findings and results of audits and studies conducted by the DOT/OIG; the Government Accountability Office; independent audits of service providers' operations and financial systems performed in accordance with Statement on Standards for Attestation Engagements No. 16; and the results of our financial statement audit conducted under the Chief Financial Officers Act of 1990, the Accountability of Tax Dollars Act of 2002, and OMB Circular A-136.

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

and Technology requirements and has developed, documented, and implemented an agency-wide information security program as required by OMB Circular A-136 and FISMA. Again in FY 2016, an independent audit found the NTSB was in compliance with FISMA requirements.

Improper Payment Elimination and Recovery Act of 2010

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

NTSB Financial Management Systems

The NTSB financial management systems framework is driven by the objectives of Strategic Goal No. 4 by providing mission support in efficiently utilizing and managing agency resources and emphasizes the agency's challenge to provide accurate, timely, and useful financial information to agency managers and staff to support effective decision-making.

The NTSB obtains hosting and application management services for its core financial system from the Department of the Interior Business Center (IBC), a federal shared service provider. The core financial management system is based on Oracle Federal Financials, Release 12, and the NTSB uses the general ledger, accounts payable, budget execution, acquisition, and reporting capabilities of the system.

The NTSB also obtains payroll and personnel processing applications and services support from the IBC using its Federal Personnel/Payroll System (FPPS) which is also an Oracle mainframe-based, integrated, on-line personnel and payroll system. It creates and generates the complete cycle of personnel and payroll transactions delivered in compliance with the Financial Systems Integration Office, the Office of Personnel Management's Enterprise Human Resources Integration, and human resources and payroll systems requirements for payroll management activities. FPPS is hosted by the IBC and financial data from FPPS is interfaced into the core financial management system on a biweekly basis.

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

Section II—Performance Report

A. Strategic Goals, Objectives, Strategies, and Performance Measures

Strategic Goal No. 1: Conduct Effective Accident Investigations

Summary

Strategic Goal No. 1 focuses on the NTSB's key challenges of identifying those accidents in each transportation mode that represent the most important targets of investigative opportunity, determining the scope and scale of such investigations, conducting safety studies to help to prevent similar accidents in the future, and providing safety accomplishments or results to improve transportation safety through the various products we develop.

Our status as an independent federal agency sets us apart from other stakeholders in the transportation industry. Our most important stakeholder is the traveling public, and we are concerned with one principal objective: promoting transportation safety. Conducting independent accident investigations is a critical component of our mission, and it is done with transparency, accountability, and integrity, which are core values of the agency.

The NTSB is obligated to participate in aviation investigations in foreign countries when they involve US carriers or US-manufactured or -designed equipment. These efforts help ensure the continued safe operation of US-built or -designed aircraft. In addition, we have a strong international marine program, under which we investigate major marine casualties involving foreign-flagged vessels in US territorial waters and those involving US-flagged vessels anywhere in the world. Our participation in foreign investigations has led to improvements in aviation and marine safety here and abroad. NTSB-led domestic investigations have also benefitted from the participation of other international accident investigation agencies. Our role in international activities for all modes of transportation includes unique challenges but with our continued advocacy and outreach, we can showcase lessons learned and improve awareness of these investigations nationally and internationally.

Accomplishing Strategic Goal No. 1 will foster a transportation industry that is better prepared to address safety issues. The NTSB applies the following objectives, strategies, and performance measures to achieve this goal:

Objectives

- Select and scale appropriate responses to accident investigations and incidents.
- Select and appropriately scale the NTSB's work on international accidents, incidents, and safety issues.
- Continue to effectively coordinate and deliver transportation disaster assistance to the families of accident victims.
- Engage in outreach with the transportation community to improve awareness of lessons learned from accident investigations nationally and internationally.

Strategies

- Continue to spotlight our role in international accidents and to participate in investigations in foreign countries.

- Continue to showcase how we improve the transportation community through the many products we develop and publish, including accident briefs and reports, videos, newsletters, and safety accomplishments and results.
- Assist investigators in all modes of transportation by interacting with accident victims and family members.

Performance Measures

- Number of products adopted by the Board.
- Average time (in months) to complete Board-adopted products.
- Number of products to improve transportation safety.
- Number of cooperative international activities completed.
- Percent of TDA support provided to major aviation and rail accident investigations, as legislated.
- Number of outcome-oriented safety results involving industry or government stakeholders.

Key Management Issues and Challenges

The cost of transportation accidents to society is significant, and as activity in the US transportation system grows, so will the potential for accidents and associated costs. Accompanying this growth are enormous increases in the system's complexity, which must be addressed with techniques and methods of accident investigation that are equally complex. 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 against the limited investigative resources available to the NTSB and the depth of the investigation required to develop the safety issues.

To conduct thorough accident investigations, NTSB investigators must stay abreast of the latest technology in the transportation industry; this requires substantial and continuing training. The NTSB is challenged to identify the available resources and staff to provide training in these areas and schedule timely and appropriate training, working around the number and timing of accidents and the limited number of NTSB investigators. The number of major accidents worldwide that NTSB AS and MS staff participates in has increased with, on average, 26 major foreign accident investigations annually. Marine international accidents involving foreign-flagged vessels accounted for 38 percent of NTSB marine accident investigations during the past 5 years. For AS, this level of international participation presents a particular challenge because the office must also continue to meet its mandate to investigate all aviation accidents in the United States.

Working with Congress, other government agencies, and industry groups, the NTSB takes an active role in leading efforts for a safer transportation system. In FY 2016, we expanded our definition of outreach efforts to the SRC and advocacy-related outreach on the MWL and non-MWL items. The NTSB conducted 526 outreach efforts to advance transportation safety among industry and government stakeholders, which led to important safety results. During FY 2016, the NTSB adopted 61 products.

Strategic Goal No. 2: Recommend and Advocate Actions to Improve Global Transportation Safety

Summary

Because our mission is to be a premier organization improving transportation safety, Strategic Goal

No. 2, which affects the safety of the entire transportation system, cascades into strategic objectives that emphasize advocacy and outreach. Issuing, advancing, and closing safety recommendations are key NTSB functions. This goal also emphasizes our need to promote items on the MWL. The MWL is designed as a transparent tool to increase awareness of, and support for, the most critical changes needed to reduce transportation accidents and save lives. Leveraging our unique position in the safety industry, we believe it is necessary to lead the transportation community with integrity to ensure that emerging safety issues are being addressed and that political leadership is aware of public policy implications.

To achieve this goal, the NTSB applies the following objective, strategies, and performance measures:

Objective

- Identify new and creative ways to advocate safety recommendations and other safety actions.

Strategies

- Implement appropriate safety recommendations from investigations and safety studies.
- Publicly recognize safety recommendations that are implemented and those that, being unimplemented, result in persistent risk.
- Publicize the up-to-date status of all safety recommendations through the NTSB website and other public communication channels.
- Increase advocacy efforts on emerging safety issues through ongoing dialogue with relevant government and other stakeholders, testimony, and other public communications.

Performance Measure

- Number of safety recommendations closed acceptably during the fiscal year.

Key Management Issues and Challenges

The nation's level of transportation activity, which highly correlates with its economic activity, continues to increase. As our skies, highways, waterways, and railways become more congested, the potential for transportation accidents increases. With limited resources, the NTSB is challenged to identify ways to achieve implementation of its open safety recommendations. Another concern is how to increase our presence at state legislative sessions to elevate the priority of highway safety at the state level and advance legislators' understanding of the issues.

Finally, because of the length and complexity of the rulemaking process, federal agencies are frequently not implementing NTSB recommendations in a timely fashion. The NTSB is challenged to ensure that the rulemaking process, which can take years, does not hamper the successful implementation of recommendations. Over the last 5 years, 486 safety recommendations have been closed acceptably.

Strategic Goal No. 3: Conduct Fair and Expeditious Adjudication of Airman and Mariner Appeals from the Federal Aviation Administration and the US Coast Guard Enforcement Actions and Certificate Appeals

Summary

Strategic Goal No. 3 recognizes our continuing commitment to providing a fair appeals process for airmen and mariners to ensure thorough and independent adjudication while providing due

process to those affected and safeguarding the integrity of the aviation and marine safety enforcement system.

To achieve this goal, the NTSB applies the following objective, strategies, and performance measures:

Objective

- Effectively manage the appeals process and appropriately protect the rights of airmen and mariners seeking the NTSB's review, while balancing their interests with considerations of aviation and marine safety.

Strategies

- Continue to increase administrative law judges' case closure rate.
- Continue to decrease non-emergency backlog cases on hand.

Performance Measures

- Percentage of total cases disposed of during the fiscal year.
- Total number of non-emergency enforcement backlog cases on hand.

Key Management Issues and Challenges

The NTSB serves as the "court of appeals" for airmen and mariners facing the loss or suspension of their licensing certificates or the imposition of a civil penalty. As the level of transportation activity increases, the potential for transportation accidents increases, resulting in more enforcement cases; consequently, effective management of the appeals process becomes more challenging. We will continue to promote transportation safety by adjudicating appeals of certificate actions and denials, providing due process to those affected, and ensuring the integrity of the aviation and maritime safety enforcement system. During FY 2016, the Office of Administrative Law Judges closed 71 percent of cases received.

Strategic Goal No. 4: Provide Outstanding Mission Support

Summary

Providing mission support in achieving our first three goals is imperative if we are to retain our leadership in influencing changes, increasing transparency and outreach, and advancing transportation safety. Strategic Goal No. 4 captures the overall nature of the organization—excellence—and ensures that we are able to fulfill our broad mission.

The strategic objectives for this goal concern maintaining agency resources; effectively managing financial resources, improving employee safety and health knowledge, human capital, diversity, and inclusion; and maintaining effective communications. This goal emphasizes the agency's challenge to enhance our management of information and data to ensure reliable and consistent information for management and staff. We remain focused on hiring the right people and effectively capturing and transferring knowledge. We foster a culture of leadership, diversity, and accountability that enables decision-making while promoting teamwork and collaboration. In addition, we strive to meet challenges with innovation and urgency. Collectively, these efforts support our fulfillment of this strategic goal as well as our mission of independently advancing transportation safety.

To achieve this goal, the NTSB applies the following objectives, strategies, and performance measures:

Objectives

- Ensure efficiency in utilizing agency resources and financial data for management decision-making.
- Align and improve human capital planning and diversity.
- Improve employee engagement, satisfaction, and inclusion.

Strategies

- Provide accurate, timely, and useful financial information to agency managers and staff to support effective decision-making.
- Manage agency information and employ IT to improve the productivity, effectiveness, and efficiency of agency programs and to enhance the availability and usefulness of information to all users, both within and outside the agency.
- Use innovative strategies to recruit, develop, and retain a high-quality, diverse workforce.
- Create an agency-wide performance culture focused on individual and organizational accountability to achieve the NTSB's programmatic goals and priorities.
- Sustain a learning environment that provides for continuing improvement in performance through knowledge management, performance feedback, engagement training, coaching, and mentoring.
- Continue to foster a work environment that is free from discrimination and provides maximum opportunities for all employees to use their diverse talents in support of the NTSB's mission and goals.
- Continue to identify new and improved methods of communicating internally and externally.

Performance Measures

- Obtain a modified or better opinion on financial statements.
- Operate an effective management accountability and controls program.
- Implement IT solutions to increase innovation and collaboration into NTSB's mission and administrative processes.
- Percentage of regulation parts updated each fiscal year.
- Number of activities supporting EEODI outreach.
- Number of actions supporting employee engagement, satisfaction, and inclusion.
- Percentage of staff trained on the New Inclusion Quotient.

Key Management Issues and Challenges

The NTSB has earned a reputation for thorough and independent investigation of transportation accidents. To maintain that reputation, we are committed to continuing to develop the managerial, leadership, and workforce skills needed to ensure the quality of the accident investigations for which we are well known. This initiative includes the entire NTSB organization—investigative offices, business support offices, and agency leadership. We are faced with the challenge of developing our workforce in an environment of technological changes and dwindling resources.

This challenge is addressed by effective long-range planning and excellent communications. Long-range planning in human capital management, as well as in core operations, ensures that the NTSB is fully equipped to deal with any future investigative need. The NTSB's enhanced focus on planning results in a workforce and processes that are capable and flexible enough to respond effectively to any and all issues and challenges. Effective communications at all levels of the organization ensure that we continually improve our plans and processes. We will devote time and resources to thinking strategically and developing our staff. To achieve our long-term vision, we must effectively plan and communicate while maintaining our primary commitment to improve transportation safety. We believe that the initiatives in place will provide the necessary balance to ensure success with this strategic goal.

Section III—Auditor’s Report and Financial Statements

A Message from the Chief Financial Officer

It is my pleasure to report that during FY 2016, the NTSB continued to honor our commitment to lead by example in government financial management. For the 14th consecutive year, since being required to prepare audited financial statements, the NTSB received an unmodified (clean) opinion on our financial statements from our independent auditors. The NTSB is proud to report that the auditors reported no material weaknesses or significant deficiencies. We achieved these results by strengthening our financial reporting controls and satisfactorily closing the internal control findings and recommendations from previous financial statement audits.

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

In FY 2016, the NTSB continued our efforts toward organizational excellence, which is defined by results. Progress for much of our efforts toward excellence is captured in the NTSB FY 2016 PAR. The report provides the NTSB’s most important financial and performance information. It is also our principal publication and report to Congress and the American people on our program leadership and our stewardship and management of the public funds entrusted to us.

Attainment of the independent auditor’s unmodified opinion on our financial statement demonstrates the CFO’s commitment to moving forward vigorously during FY 2017 to continue to improve our internal control processes and fulfill our financial management goals.

Edward Benthall
November 6, 2016

Office of Inspector General Quality Control Review

Office of Inspector General Quality Control Review

Independent Auditor's Report

Independent Auditor's Report

Independent Auditor's Report

Independent Auditor's Report

NTSB CFO Responses to Auditor's Report



National Transportation Safety Board

Washington, D.C. 20594

Office of the Chief Financial Officer

November 6, 2016

TO: Jason Allmond
Allmond & Company, LLC

FROM: Edward Benthall *EB*
Chief Financial Officer

SUBJECT: DRAFT AUDIT REPORT
Fiscal Year 2016 Financial Statement Audit Report

The National Transportation Safety Board (NTSB) has reviewed the draft fiscal year 2016 Financial Statement Audit Report and we concur with the facts and conclusions in the report. We will share the final audit report with senior officials, other interested program managers and staff.

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

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

Financial Statements**NATIONAL TRANSPORTATION SAFETY BOARD****Balance Sheet****As of September 30, 2016 and 2015****(in dollars)**

	<u>FY 2016</u>	<u>FY 2015</u>
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 36,036,042	\$ 36,693,876
Accounts receivable (Note 3)	152,840	14,044
Total Intragovernmental	<u>36,188,882</u>	<u>36,707,920</u>
Accounts receivable, net (Note 3)	8,824	18,002
General property, plant and equipment, net (Note 4)	<u>10,183,445</u>	<u>12,141,868</u>
Total Assets	<u>\$ 46,381,151</u>	<u>\$ 48,867,790</u>
Liabilities (Note 5)		
Intragovernmental:		
Accounts payable	\$ 980,113	\$ 629,399
Employer contributions and payroll taxes (Note 7)	545,308	399,978
Unfunded FECA liability (Note 5 and Note 6)	<u>1,429,652</u>	<u>1,381,057</u>
Total Intragovernmental	<u>2,955,073</u>	<u>2,410,434</u>
Accounts payable	1,773,954	2,636,872
Actuarial FECA liability (Note 5)	7,131,709	6,797,016
Employer contributions and payroll taxes (Note 7)	89,583	68,581
Accrued funded payroll & leave (Note 7)	2,017,637	1,560,421
Unfunded leave (Note 7)	5,406,773	5,243,259
Capital lease liability (Note 8)	11,107,322	12,503,173
Other (Note 7)	<u>64,382</u>	<u>131,906</u>
Total Liabilities	<u>30,546,433</u>	<u>31,351,662</u>
Net Position		
Unexpended appropriations	23,503,237	24,639,485
Cumulative results of operations	<u>(7,668,519)</u>	<u>(7,123,357)</u>
Total Net Position	<u>\$ 15,834,718</u>	<u>\$ 17,516,128</u>
Total Liabilities and net position	<u>\$ 46,381,151</u>	<u>\$ 48,867,790</u>

The accompanying notes are an integral part of these statements

NATIONAL TRANSPORTATION SAFETY BOARD
Statement of Net Cost
For the Years Ended September 30, 2016 and 2015
(in dollars)

	<u>FY2016</u>	<u>FY2015</u>
PROGRAM COSTS:		
Aviation Safety:		
Gross costs (Note 10)	\$ 49,974,427	\$ 50,219,430
Less: earned revenue	<u>(901,175)</u>	<u>(794,560)</u>
Net program costs	\$ 49,073,252	\$ 49,424,870
 Surface Transportation Safety:		
Gross costs	\$ 37,777,431	\$ 32,278,955
Less: earned revenue	<u>(632,174)</u>	<u>(446,826)</u>
Net program costs	\$ 37,145,257	\$ 31,832,129
 Research & Engineering:		
Gross costs	\$ 22,551,545	\$ 23,039,612
Less: earned revenue	<u>(350,568)</u>	<u>(314,337)</u>
Net program costs	\$ 22,200,977	\$ 22,725,275
 Net cost of operations	 <u>\$ 108,419,486</u>	 <u>\$ 103,982,274</u>

The accompanying notes are an integral part of these statements

NATIONAL TRANSPORTATION SAFETY BOARD
Statement of Changes in Net Position
For the Years Ended September 30, 2016 and 2015
(in dollars)

	<u>FY 2016</u>	<u>FY 2015</u>
Cumulative Results of Operations:		
Beginning Balance	\$ (7,123,357)	\$ (8,207,275)
Budgetary Financing Sources:		
Appropriations used	104,673,458	101,943,041
Other Financing Sources:		
Imputed financing	3,200,866	3,123,151
Total Financing Sources	<u>107,874,324</u>	<u>105,066,192</u>
Net Cost of Operations	<u>(108,419,486)</u>	<u>(103,982,274)</u>
Net Change	(545,162)	1,083,918
Cumulative Results of Operations	(7,668,519)	(7,123,357)
Unexpended Appropriations		
Beginning Balance	24,639,485	26,740,902
Budgetary Financing Sources:		
Appropriations received	105,170,000	103,981,000
Other adjustments	(1,632,790)	(4,139,376)
Appropriations used	<u>(104,673,458)</u>	<u>(101,943,041)</u>
Total Budgetary Financing Sources	<u>(1,136,248)</u>	<u>(2,101,417)</u>
Total Unexpended Appropriations	<u>23,503,237</u>	<u>24,639,485</u>
Net Position	<u>\$ 15,834,718</u>	<u>\$ 17,516,128</u>

The accompanying notes are an integral part of these statements

NATIONAL TRANSPORTATION SAFETY BOARD
Statement of Budgetary Resources
For the Years Ended September 30, 2016 and 2015
(in dollars)

	FY 2016	FY 2015
Budgetary Resources		
Unobligated balance brought forward, October 1	\$ 17,709,241	\$ 19,013,126
Recoveries of prior year obligations	1,350,741	2,830,527
Other changes in unobligated balance	(1,621,297)	(4,139,376)
Unobligated balance from prior year budget authority, net	17,438,685	17,704,277
Appropriations	105,170,000	103,981,000
Spending authority from offsetting collections:	1,825,860	1,816,214
Total Budgetary Resources	\$ 124,434,545	\$ 123,501,491
Status of Budgetary Resources		
Obligations Incurred	\$ 106,519,267	\$ 105,792,250
Unobligated balance, end of year:		
Apportioned	9,165,038	9,582,649
Unapportioned	8,750,240	8,126,592
Total unobligated balance, end of year	17,915,278	17,709,241
Total Budgetary Resources	\$ 124,434,545	\$ 123,501,491
Change in Obligated Balance		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	\$ 18,998,905	\$ 17,209,796
Obligations Incurred (Note 11)	106,519,267	105,792,250
Outlays (gross)	(105,893,827)	(101,172,614)
Recoveries of prior year unpaid obligations	(1,350,741)	(2,830,527)
Unpaid obligations, end of year	18,273,604	18,998,905
Uncollected payment:		
Uncollected payments, Federal sources, brought forward, October 1	(14,270)	(12,874)
Change in uncollected payments, Federal sources	(138,570)	(1,396)
Uncollected payments, Federal sources, end of year	(152,840)	(14,270)
Obligated Balance, start of the year	\$ 18,984,635	\$ 17,196,922
Obligated Balance, end of year	\$ 18,120,764	\$ 18,984,635

Budget Authority and Outlays, net

Budget Authority, gross	\$ 106,995,860	\$ 105,797,214
Actual offsetting collections	(1,687,290)	(1,814,818)
Change in uncollected payments, Federal sources	(138,570)	(1,396)

Budget Authority, Net

\$ 105,170,000 \$ 103,981,000

Outlays, gross	\$ 105,893,827	\$ 101,172,614
Actual offsetting collections and outlays	(1,704,577)	(1,814,818)

Outlays, Net

\$ 104,189,250 \$ 99,357,796

The accompanying notes are an integral part of these statements

Notes to the Financial 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 federal 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.

Bulk Purchases

The capitalization minimum threshold for bulk purchases has been established at \$250,000 by the Office of the Chief Financial Officer of the NTSB.

Aggregate Purchases

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

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 two capital leases. One lease is for space rental on the building that houses the NTSB Ashburn facility. This is a twenty-year lease. Depreciation on the capital lease is calculated using the straight-line method with twenty years, the term of the lease, as the estimated useful life of the capital lease.

The second lease is for copy machines used at all NTSB locations nationwide. This is a five-year lease. Depreciation on the capital lease is calculated using the straight-line method with five years, the term of the lease, as the estimated useful life of the capital lease.

Internal Use Software

The capitalization threshold of internal use software is established at \$1,000,000. Only the costs associated with the software development phase including labor are subject to capitalization. Software development phase activities generally include the design of 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, 2016. 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 percent 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 2016 service cost exceeds contributions made by employer agencies and covered employees, the plan is not fully funded by the NTSB and its employees. As of September 30, 2016, NTSB recognized \$3,200,866 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 2016 service cost. For FERS covered employees, the NTSB made contributions of 13.7 percent of basic pay. Employees contributed .80 percent of gross earnings. New employees hired in 2013 or later were required to contribute 3.1 percent of gross earnings. New Employees hired in 2014 or later are required to contribute 4.4 percent of gross earnings, dependent on their categorization as Revised Annuity Employees (FERS-RAE), or Further Revised Annuity Employees (FERS-FRAE). 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 percent of basic pay for FERS-covered employees. In addition, NTSB makes matching contributions, of up to 5 percent 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 2016 is \$18,000. Those who are of age fifty and older may contribute an additional \$6,000 in catch up contributions.

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 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.

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.

Two Year Appropriation for Lease Renewal Expenses

For FY 2010, Congress appropriated \$2,416,000 to fund one-time expenses associated with renewing the lease for NTSB's Washington, DC headquarters. The funding was available for obligation in FY 2010 and FY 2011.

Two Year Appropriation

For FY 2011 Congress appropriated \$2.4 million. The funding was available for obligation in FY 2011 and FY 2012.

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 \$1,997,884.

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 represent unfunded pension costs, Federal Employees' Health Benefits Program (FEHB) costs, and Federal Employees Group Life Insurance Program (FGLI) costs of NTSB employees.

Statement of Net Cost

Sub-Organization Program Costs

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

Earned Revenue

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

Net Position

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

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

Use of Estimates

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

Note 2

FUND BALANCES WITH THE US TREASURY

Fund Balance with Treasury consisted of the following as of September 30, 2016 and September 30, 2015:

Fund Balances with Treasury	2016	2015
Appropriated Funds	\$ 36,036,042	\$ 36,693,876
Total	\$ 36,036,042	\$ 36,693,876
Status of Fund Balance with Treasury		
Unobligated Balance		
Available	\$ 9,165,038	\$ 9,582,649
Unavailable	8,750,240	8,126,592
Total Unobligated Balance	17,915,278	17,709,241
Obligated Balance not yet Disbursed	18,120,764	18,984,635
Total	\$ 36,036,042	\$ 36,693,876

Available unobligated balances represent amounts that were apportioned and/or allotted for obligation in the current fiscal year. Unavailable unobligated balances represent amounts that are not apportioned for obligation during the current fiscal year and expired appropriations that are no longer available to incur new obligations. Obligated balances not yet disbursed include unpaid delivered and undelivered orders, reduced by budgetary receivables.

Note 3

ACCOUNTS RECEIVABLE

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

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

Accounts Receivable consisted of the following as of September 30, 2016 and September 30, 2015:

	Federal FY 2016	Non-Federal FY 2016	Total FY 2016	Federal FY 2015	Non-Federal FY 2015	Total FY 2015
Gross Receivables	\$ 152,840	\$ 8,824	\$ 161,664	\$ 14,044	\$ 18,002	\$ 32,046
Allowance for Loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Receivables	\$ 152,840	\$ 8,824	\$ 161,664	\$ 14,044	\$ 18,002	\$ 32,046

Note 4

PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of September 30, 2016 and September 30, 2015:

Property and Equipment

Classes of Fixed Assets	Service Life (Years)	Acquisition Value FY 2016	Accumulated Depreciation FY 2016	Net Book Value FY 2016	Acquisition Value FY 2015	Accumulated Depreciation FY 2015	Net Book Value FY 2015
Laptops computers and peripherals	3	\$1,034,519	\$1,034,519	\$0	\$1,034,519	\$890,836	\$143,683
Other ADP and telecomm equipment (servers, routers)	5	\$952,352	\$472,840	\$479,512	\$712,108	\$357,331	\$354,777
Furniture	5	\$1,351,974	\$1,165,720	\$186,253	\$1,351,974	\$1,041,551	\$310,423
Investigative equipment	5	\$6,048,436	\$4,868,376	\$1,180,060	\$5,847,386	\$4,213,685	\$1,633,701
Internal use software	3	\$564,707	\$484,499	\$80,208	\$564,707	\$396,999	\$167,708
Capital lease (buildings)	20	\$23,731,941	\$15,525,649	\$8,206,292	\$23,731,941	\$14,339,052	\$9,392,889
Capital lease (Office Equipment)	5	\$437,833	\$386,713	\$51,120	\$437,833	\$299,146	\$138,687
Totals		<u>\$34,121,762</u>	<u>\$23,938,316</u>	<u>\$10,183,445</u>	<u>\$33,680,468</u>	<u>\$21,538,600</u>	<u>\$12,141,868</u>

Note 5

LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities Not Covered by Budgetary Resources consisted of the following as of September 30, 2016 and September 30, 2015.

Intragovernmental:	FY 2016	FY 2015
Accrued Unfunded FECA Liability	\$ 1,429,652	\$ 1,381,057
Total Intragovernmental	1,429,652	1,381,057
Capital Lease Liability	11,053,843	12,359,526
Accrued Unfunded Annual Leave	5,406,773	5,243,259
Actuarial FECA Liability	7,131,709	6,797,016
Total Liabilities Not Covered by Budgetary Resources	\$25,021,977	\$ 25,780,858
Total Liabilities Covered by Budgetary Resources	\$ 5,524,455	\$ 5,570,804
Total Liabilities	\$30,546,432	\$ 31,351,662

Liabilities Not Covered by Budgetary Resources result from the receipt of goods and services, or the occurrence of events, for which appropriations, revenues, or other financing sources necessary to pay the liabilities have not yet been made available through Congressional appropriation. Unfunded Intragovernmental Liabilities consist of Accrued FECA in the amount of approximately \$1.4 million. Capitalizing the full net present value of the Ashburn facility lease created a deficiency in 2001 funds which 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, budgetary accounts no longer reflect a deficiency. The Appropriation acts annually include language to provide funds to make lease payments due in the current fiscal year. Consistent with generally accepted accounting principles, the remaining liability will remain on the general ledger until the lease is fully liquidated. The lease liability not covered by budgetary resources at September 30, 2016, is \$11,053,843.

Note 6**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 5.

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

Note 7

OTHER LIABILITIES

Other Liabilities consisted of the following as of September 30, 2016, and September 30, 2015.

	Non- Current	Current	FY 2016 Total
Intragovernmental:			
Accrued Employee Benefits	-	\$545,308	\$545,308
Accrued FECA Liability	\$795,438	\$634,214	\$1,429,652
Total Intragovernmental	\$795,438	\$1,179,522	\$1,974,960
Reimbursable Advances	-	\$64,382	\$64,382
Accrued Payroll and Benefits	-	\$2,107,220	\$2,107,220
Accrued Unfunded Leave	-	\$5,406,773	\$5,406,773
Total Other Liabilities	\$795,438	\$8,757,897	\$9,553,335

	Non-Current	Current	FY 2015 Total
Intragovernmental:			
Accrued Employee Benefits	-	\$399,978	\$399,978
Accrued FECA Liability	\$808,719	\$572,338	\$1,381,057
Total Intragovernmental	\$808,719	\$972,316	\$1,781,035
Reimbursable Advances	-	\$131,906	\$131,906
Accrued Payroll and Benefits	-	\$1,629,002	\$1,629,002
Accrued Unfunded Leave	-	\$5,243,259	\$5,243,259
Total Other Liabilities	\$808,719	\$7,976,483	\$8,785,202

Note 8

LEASES

The NTSB has commitments under cancelable operating leases for office space. These leases have terms that extend from 5 to 14 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 non-cancelable lease, signed with the GSA, for a ten-year term, expired on November 30, 2020. This lease was signed in 2010 to rent the Conference Center.

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

The NTSB also has a 5-year capital lease for Lexmark copy machines which was entered into during 2012. The total future payments disclosed for the copy machines include estimates for service.

	FY 2016	FY 2015
Summary of Assets under Capital Leases		
Buildings (Training Center)	\$ 23,731,941	\$ 23,731,941
Machinery (Copy Machines)	437,833	437,833
Accumulated Depreciation	(15,912,362)	(14,638,198)
Net Capital Lease Value	\$ 8,257,412	\$ 9,531,576

Future Capital Lease Payments

	Buildings	Equipment	Total
FY 2017	\$ 2,521,440	\$ 101,234	\$ 2,622,674
FY 2018	2,521,440		2,521,440
FY 2019	2,521,440		2,521,440
FY 2020	2,521,440		2,521,440
FY2021	2,521,440		2,521,440
FY 2022 and beyond	4,622,640		4,622,640
Total Future Lease Payments	\$ 17,229,840	\$ 101,234	\$ 17,331,074
Less: Imputed Interest	(2,173,946)	(375)	(2,174,321)
Less: Executory Costs	(4,002,051)	(47,380)	(4,049,431)
Capital Lease Liability	\$ 11,053,843	\$ 53,479	\$ 11,107,322

Capital lease liabilities covered by budgetary resources as of September 30, 2016: \$ 53,479.

Capital lease liabilities not covered by budgetary resources as of September 30, 2016: \$ 11,053,843.

In 2003 NTSB determined that the Ashburn facility lease should be recorded as a capital lease. Capitalizing the full net present value of the Ashburn facility lease created a deficiency in 2001 funds. This deficiency was reported to 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. Annual Appropriation acts now include language to provide funds to make lease payments due in the current fiscal year.

The NTSB has operating leases for postage meters and vehicles. 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

		Cancellable	Non-cancellable	Total
FY 2017	\$	8,386,982	\$ 655,008	\$ 9,041,990
FY 2018		8,478,277	661,178	9,139,455
FY 2019		8,572,182	667,534	9,239,716
FY 2020		8,660,854	674,080	9,334,934
FY 2021		1,569,721	108,547	1,678,268
FY 2022 and beyond		285,003	-	285,003
Operating Lease Liability	\$	35,953,019	\$ 2,766,347	\$ 38,719,366

		Headquarters	Regional Offices	Total
FY 2017	\$	8,738,892	\$ 303,098	\$ 9,041,990
FY 2018		8,835,480	303,975	9,139,455
FY 2019		8,934,967	304,749	9,239,716
FY 2020		9,037,437	297,496	9,334,933
FY 2021		1,470,501	207,768	1,678,269
FY 2022 and beyond		-	285,003	285,003
Operating Lease Liability	\$	37,017,277	\$ 1,702,089	\$ 38,719,366

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

Future Operating Lease Receipts

NTSB had an 8-year sub-lease agreement with the Transportation Security Administration (TSA) that ended on September 30, 2016.

	September 30, 2016	September 30, 2015
FY 2016		\$ 593,329
FY 2017	\$ 0	593,329
Total Future Lease Receipts	\$ 0	\$ 1,186,658

Note 9

COMMITMENTS AND CONTINGENCIES

As of September 30, 2016, the NTSB was not a party to any legal actions which were likely to result in a material liability. Accordingly, no provision for loss is included in the financial statements. However, as of September 30, 2016, the NTSB has two pending matters for which there is at least a reasonable possibility that a loss may be incurred. The potential loss for these matters cannot be estimated at this time. These actions are disclosed in accordance with SFFAS No. 5, as amended by SFFAS No.12.

Note 10

SUBORGANIZATION PROGRAM COSTS/PROGRAM COSTS BY SEGMENT

Intragovernmental and Public Costs

Fiscal Year 2016	Aviation Safety	Surface Safety	Research & Engineering	Consolidated Totals
Intragovernmental Gross Costs	\$12,821,731	\$13,161,644	\$6,176,341	\$32,159,716
Less: Intragovernmental Earned Revenue	(485,973)	(357,079)	(167,566)	(1,010,618)
Intragovernmental Net Costs	\$12,335,758	\$12,804,565	\$6,008,775	\$31,149,098
Gross Costs with the Public	\$37,152,696	\$24,615,787	\$16,375,204	\$78,143,687
Less: Earned Revenues from the Public	(415,202)	(275,095)	(183,002)	(873,299)
Net Costs with the Public	\$36,737,494	\$24,340,692	\$16,192,202	\$77,270,388
Net Cost of Operations	\$49,073,252	\$37,145,256	\$22,200,977	\$108,419,486

Fiscal Year 2015	Aviation Safety	Surface Safety	Research & Engineering	Consolidated Totals
Intragovernmental Gross Costs	\$13,866,431	\$9,022,166	\$6,798,121	\$29,686,718
Less: Intragovernmental Earned Revenue	(450,715)	(228,833)	(162,101)	(841,649)
Intragovernmental Net Costs	\$13,415,716	\$8,793,333	\$6,636,020	\$28,845,069
Gross Costs with the Public	\$36,352,999	\$23,256,789	\$16,241,491	\$75,851,279
Less: Earned Revenues from the Public	(343,845)	(217,993)	(152,236)	(714,074)
Net Costs with the Public	\$36,009,154	\$23,038,796	\$16,089,255	\$75,137,205
Net Cost of Operations	\$49,424,870	\$31,832,129	\$22,725,275	\$103,982,274

Note 11**APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED:
DIRECT VS. REIMBURSABLE OBLIGATIONS**

The Statement of Budgetary Resources (SBR) compares budgetary resources with the status of those resources. For the year ended September 30, 2016, budgetary resources were \$124,256,080 and net outlays were \$104,189,250. For the year ended September 30, 2015, budgetary resources were \$123,501,491 and net outlays were \$99,357,796.

For the years ended September 30, 2016 and September 30, 2015, direct obligations incurred amounted to \$105,278,650 and \$104,484,612, respectively. For the years ended September 30, 2016 and September 30, 2015, reimbursable obligations incurred amounted to \$1,240,617 and \$1,307,638, respectively.

Apportionment Categories of Obligations Incurred	FY 2016	FY 2015
Budgetary Resources	\$ 124,256,080	\$ 123,501,490
Net Outlays	104,189,250	99,357,796
Category A Direct Obligations Incurred	105,278,650	104,484,612
Category B Reimbursable Obligations Incurred	1,240,617	1,307,638

Note 12**UNDELIVERED ORDERS AT THE END OF THE PERIOD**

The total of undelivered orders at September 30, 2016, and September 30, 2015, were \$12,813,531 and \$13,471,709, respectively.

Note 13

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

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the *Budget of the United States Government* (Budget). The Budget that will include FY 2016 actual budgetary execution information is scheduled for publication in February 2017, which will be available through OMB's website at <http://www.whitehouse.gov/omb>. Accordingly, information required for FY 2016 disclosure is not available at the time of publication of these financial statements.

Balances reported in the FY 2015 SBR and the related President's Budget reflected the following:

In Millions	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 124	\$ 106	\$ -	\$ 99
Unobligated Balance - expired	\$ (10)	\$ -	\$ -	\$ -
Emergency Fund	\$ (2)	\$ -	\$ -	\$ -
Differences due to rounding	\$ -	\$ -	\$ -	\$ -
Budget of the U.S. Government	\$ 112	\$ 106	\$ -	\$ 99

Note 14

RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

The objective of this information is to provide an explanation of the differences between budgetary and financial (proprietary) accounting. This is accomplished by means of a reconciliation of budgetary obligations and non-budgetary resources available to the reporting entity with its net cost of operations.

Resources Used to Finance Activities	FY 2016	FY 2015
Obligations Incurred	\$106,519,267	\$105,792,250
Less: spending authority from offsetting collections and recoveries	(3,193,889)	(4,659,389)
Net obligations	103,325,378	101,132,861
Imputed financing from costs absorbed by others	3,200,866	3,123,151
Total resources used to finance activities	\$106,526,244	\$104,256,012
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	590,518	328,504
Resources that fund expenses recognized in prior periods	(1,061,158)	(1,571,625)
Resources that finance the acquisition of assets	(446,294)	(1,685,210)
Total resources used to finance items not part of the net cost of operations	(916,934)	(2,928,331)
Total resources used to finance the net cost of operations	\$105,609,310	\$101,327,681
Components of the Net Cost of Operations that will not require or generate Resources in the Current Period		
Total components of Net Cost of Operations that will require or generate resources in future periods	221,198	124,015
Depreciation and Amortization	2,399,717	2,530,578
Revaluation of assets or liabilities	189,261	-
Total components of Net Cost of Operations that will not require or generate resources in the current period	2,810,176	2,654,593
Net Cost of Operations	\$108,419,486	\$103,982,274

Section IV—Other Accompanying Information

Summary of Financial Statement Audit and Management Assurances

Table 1: Summary of Financial Statement Audit

Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Table 2: Summary of Management Assurances

Effectiveness of Internal Control Over Financial Reporting (Federal Managers' Financial Integrity Act (FMFIA) Para.2)					
Statement of Assurance	Unmodified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0
Effectiveness of Internal Control Over Operations (FMFIA Para.2)					
Statement of Assurance	Unmodified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA Para.4)					
Statement of Assurance	Systems conform to financial management system requirements				
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Non-Conformances	0	0	0	0	0

Improper Payments Elimination and Recovery Improvement Act of 2012

The Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), requires agencies to review all programs and activities they administer and identify those which may be susceptible to significant erroneous payments. For all programs and activities in which the risk of erroneous payments is significant, agencies are to estimate the annual amount of erroneous payments made in those programs. OMB guidance provided in Circular No. A-136 and Appendix C of Circular No. A-123 requires detailed information related to the NTSB's Improper Payments Elimination Program, which is provided below.

In FY 2016, the NTSB reviewed the programs and activities it administers to identify those which may be susceptible to significant erroneous payments. The risk assessment included 1) consideration of certain risk factors that are likely to contribute to a susceptibility to significant improper payments and 2) transaction testing on a sample basis of payments made during FY 2016. The risk assessment was performed for the following programs: vendor payments (including travel and other employee reimbursement payments), intragovernmental payments, and payroll. OMB defines significant erroneous payments as annual erroneous payments in the program exceeding both \$10 million and 1.5 percent or \$100 million of total annual program payments. Based on the results of transaction testing applied to a sample of payments, consideration of risk factors, and reliance on the internal controls in place over the payment process, the NTSB determined that none of its programs and activities are susceptible to significant improper payments.

The level of risk of erroneous payment is determined to be low and baseline estimates have been established; the NTSB will conduct a formal risk assessment every 3 years unless the program experiences a significant change. The NTSB will conduct continuous monitoring of our programs and activities in FY 2017. If any programs and activities experience unexpected changes, the NTSB will reassess the programs' risk susceptibility and make a statistically valid estimate of erroneous payments for any programs determined to be susceptible to significant erroneous payments as required by the circular.

Appendix C of OMB Circular A-123 requires agencies to implement payment recapture audit programs where it is cost effective to do so. Based on our low improper payment rate as determined by the testing conducted in FY 2016, the NTSB has determined that implementing a payment recapture audit program is not cost-effective. That is, the recaptured amounts that could be recovered do not exceed the costs of implementation and operation of a payment recapture audit program which would include staff time and resources or payments to a contractor.

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

“Freeze the Footprint” Implementation

The NTSB has had no increases since its baseline in FY 2012 of 289,614 square feet. The NTSB will make every effort to reduce the office footprint each time a lease is renewed in the future. The NTSB has no buildings that meet the requirements to report operation and maintenance costs.

Abbreviations

AD	NTSB Office of Administration
AS	NTSB Office of Aviation Safety
ALJ	NTSB Office of Administrative Law Judges
CFO	NTSB Office of the Chief Financial Officer
CFR	<i>Code of Federal Regulations</i>
CIO	NTSB Office of the Chief Information Officer
CSRS	Civil Service Retirement Systems
DOL	US Department of Labor
DOT	US Department of Transportation
EEODI	NTSB Office of Equal Employment Opportunity, Diversity, and Inclusion
FAA	Federal Aviation Administration
FECA	Federal Employees' Compensation Act
FERS	Federal Employees Retirement System
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FOIA	Freedom of Information Act
FPPS	Federal Personnel/Payroll System
FY	fiscal year
GAAP	generally accepted accounting principles
GC	Office of the General Counsel
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
GPRAMA	Government Performance and Results Modernization Act
GSA	General Services Administration

HS	NTSB Office of Highway Safety
IBC	Interior Business Center
ICR	internal control review
IPERA	Improper Payments Elimination and Recovery Act of 2010
IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA	Improper Payments Information Act of 2002
IT	information technology
MD	NTSB Office of the Managing Director
MS	NTSB Office of Marine Safety
MWL	Most Wanted List
NTSB	National Transportation Safety Board
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PAR	Performance and Accountability Report
RE	NTSB Office of Research and Engineering
RPH	NTSB Office of Railroad, Pipeline, and Hazardous Materials Investigations
SBR	Statement of Budgetary Resources
SRC	NTSB Office of Safety Recommendations and Communications
TDA	NTSB Transportation Disaster Assistance Division
TSP	Thrift Savings Plan
USC	<i>United States Code</i>
USCG	US Coast Guard

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