OFFICE OF INSPECTOR GENERAL
U.S. DEPARTMENT OF TRANSPORTATION

Report QC2024003
November 13, 2023

Quality Control Review of the Independent Auditor's Report on the National Transportation Safety Board's Audited Financial Statements for Fiscal Years 2023 and 2022

Quality Control Review of the Independent Auditor's Report on the National Transportation Safety Board's Audited Financial Statements for Fiscal Years 2023 and 2022

Required by the Accountability of Tax Dollars Act of 2002

QC2024003 | November 13, 2023

What We Looked At

We contracted with the independent public accounting firm Allmond & Company, LLC (Allmond), to audit the National Transportation Safety Board's (NTSB) financial statements as of and for the fiscal years ended September 30, 2023, and September 30, 2022; provide an opinion on those financial statements; report on internal control over financial reporting, and report on compliance with laws and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted Government auditing standards, Office of Management and Budget audit guidance, and the Government Accountability Office's and Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*. We performed a quality control review (QCR) of Allmond's report dated November 6, 2023, and related documentation, and inquired of its representatives.

What We Found

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

Our Recommendations

Allmond made no recommendations.

U.S. Department of Transportation
Office of Inspector General

November 13, 2023

The Honorable Jennifer Homendy
Chair, National Transportation Safety Board
490 L'Enfant Plaza, SW
Washington, DC 20594

Dear Chair Homendy:

I respectfully submit the results of our quality control review (QCR) of the independent auditor's report on the National Transportation Safety Board's (NTSB) audited financial statements for fiscal years 2023 and 2022.

We contracted with the independent public accounting firm Allmond & Company, LLC, (Allmond), to audit NTSB's financial statements as of and for the fiscal years ended September 30, 2023, and September 30, 2022; provide an opinion on those financial statements; report on internal control over financial reporting, and report on compliance with laws and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted Government auditing standards, Office of Management and Budget audit guidance; and the Government Accountability Office's and Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*.[1]

Independent Auditor's Report

Allmond's report on its audit of NTSB's financial statements for fiscal year 2023, dated November 6, 2023, states that

- NTSB's financial statements[2] (see attachment 3) were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;

[1] GAO, *Financial Audit Manual*, volume 1 (GAO-22-105894), May 2023; volume 2 (GAO-22-105895), May 2023; and volume 3 (GAO-21-105127), June 2023.
[2] The financial statements are included in NTSB's Performance and Accountability Report. For NTSB's full Performance and Accountability Report, which includes these statements, related notes, and required supplementary information, go to https://www.ntsb.gov/about/reports/Pages/default.aspx.

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

Allmond made no recommendations (see attachment 1).

Quality Control Review

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

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

Agency Comments

Allmond provided NTSB with its draft report on November 2, 2023, and received NTSB's response dated November 6, 2023 (see attachment 2).

Actions Required

Because Allmond made no recommendations, no further actions are required.

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

We appreciate the cooperation and assistance of NTSB's representatives and Allmond. If you have any questions about this report, please contact me or Ingrid Harris, Program Director.

Sincerely,

Dormayne "Dory" Dillard-Christian
Assistant Inspector General for Financial Audits

cc: NTSB Chief Financial Officer

Attachment 1. Independent Auditor's Report

NATIONAL TRANSPORTATION SAFETY BOARD
AUDIT REPORT
SEPTEMBER 30, 2023

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

A/C
Allmond & Company, LLC
Certified Public Accountants
7501 Forbes Boulevard, Suite 200
Lanham, Maryland 20706
(301) 918-8200
Facsimile (301) 918-8201

Independent Auditor's Report

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

Report on the Financial Statements

Opinion

Pursuant to the Accountability of Tax Dollars Act of 2002, we have audited the accompanying financial statements of the National Transportation Safety Board (NTSB), which comprise the balance sheets as of September 30, 2023 and 2022; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements (hereinafter referred to as the financial statements).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the National Transportation Safety Board as of September 30, 2023 and 2022 and its net costs, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the NTSB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in NTSB's Performance and Accountability Report and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with GAAS, generally accepted government auditing standards (GAGAS), and OMB Bulletin No. 24-01 will always detect a material misstatement or material weakness when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB Bulletin No. 24-01, we exercise professional judgment and maintain professional skepticism throughout the audit, identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures that are responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. In addition, in making those risk assessments, we obtain an understanding of internal control relevant to an audit 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 NTSB's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements, and performing other procedures we consider necessary in the circumstances. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

Required Supplementary Information (RSI)

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of NTSB's financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

NTSB's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in NTSB's Performance and Accountability Report. The other information comprises the *Message from the Chair*, *Performance Highlights, Looking Forward*, *Message from the Chief Financial Officer,* and *Other Accompanying Information* sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audits of NTSB's financial statements, we considered NTSB's internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies[1] or to express an opinion on the effectiveness of NTSB's internal control over financial reporting. Given these limitations, during our 2023 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to NTSB's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

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

Responsibilities of Management for Internal Control over Financial Reporting

NTSB management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of NTSB's financial statements as of and for the fiscal year ended September 30, 2023, in accordance with U.S. generally accepted government auditing standards, we considered NTSB's internal control relevant to the financial statement audit 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 NTSB's internal control over financial reporting. Accordingly, we do not express an opinion on NTSB's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

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

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of NTSB's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2023 that would be reportable under

U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to NTSB. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

NTSB management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to NTSB.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to NTSB that have a direct effect on the determination of material amounts and disclosures in NTSB's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to NTSB. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose for Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provision of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Agency Comments

We provided NTSB with a draft of our report on November 2, 2023, and received NTSB's response on November 6, 2023. NTSB's response to our report was not subjected to the auditing procedures that we applied to our audit of the financial statements and, therefore, we express no opinion on the response.

Allmond & Company, LLC

Lanham, MD
November 6, 2023

Attachment 2. Agency Response

National Transportation Safety Board

Office of the Chief Financial Officer

Washington, DC 20594

November 6, 2023

Mr. Jason Allmond
Managing Member
Allmond & Company, LLC
7501 Forbes Blvd., Ste. 200
Lanham, MD 20706

Dear Mr. Allmond:

The National Transportation Safety Board (NTSB) has reviewed the draft fiscal years 2023 and 2022 Financial Statement Audit Report and we concur with the audit opinion and reports on internal controls and compliance with applicable provisions of laws and regulations.

We are pleased that the NTSB's FY 2023 financial statements received an unmodified opinion, the NTSB's 21st consecutive unqualified/unmodified opinion since its FY 2002 financial statements were initially audited, pursuant to the Accountability of Tax Dollars Act of 2002. The audit results are reflective of the agency's continued commitment to strong internal controls and effective financial management.

The NTSB is dedicated to delivering accurate, transparent, and timely financial information to our stakeholders– Congress and the American public.

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 Mrs. Gwendolyn House, Accounting Officer at (202) 314-6028.

Sincerely,

Edward Benthall

Edward Benthall
Chief Financial
Officer

cc: Dormayne "Dory" Dillard-Christian
Assistant Inspector General for Financial Audits, DOT OIG

Attachment 3. NTSB's Financial Statements and Notes

Financial Statements

Balance Sheet
As of September 30, 2023 and 2022
(in thousands)

	FY2023	FY2022
Assets		
Intragovernmental:		
Fund balance with Treasury (Note 2)	$ 49,140	$ 43,942
Total Intragovernmental	49,140	43,942
With the public:		
Accounts receivable, net (Note 3)	3	9
General property, equipment, and software, net (Note 4)	3,834	6,420
Total with the Public	3,837	6,429
Total Assets	**$ 52,977**	**$ 50,371**
Liabilities		
Intragovernmental:		
Accounts payable	$ 138	$ 47
Employer contributions and payroll taxes	452	370
Unfunded FECA liability	1,912	1,459
Unfunded unemployment insurance liability	9	-
TMF Loan	1,565	-
Total Intragovernmental (Note 5)	4,076	1,876
With the public:		
Accounts payable	4,660	6,425
Actuarial FECA liability	9,782	8,833
Employer contributions and payroll taxes	63	54
Accrued funded payroll & leave	1,454	1,291
Unfunded leave	6,592	6,588
Advances from others	-	114
Capital lease liability (Note 6)	-	1,567
Total with the Public (Note 5)	22,551	24,872
Total Liabilities	**$ 26,627**	**$ 26,748**
Commitments and contingencies (Note 7)		
Net Position		
Unexpended Appropriations	$ 30,171	$ 25,082
Cumulative Results of Operations	(3,821)	(1,459)
Total Net Position	**$ 26,350**	**$ 23,623**
Total Liabilities and Net Position	**$ 52,977**	**$ 50,371**

The accompanying notes are an integral part of these statements

Statement of Net Cost
For the Years Ended September 30, 2023 and 2022
(in thousands)

	FY2023		FY2022	
Gross Program Costs (Note 8)				
Aviation Safety				
Gross costs	$	62,865	$	56,439
Less: earned revenue		(52)		(138)
Net program costs		62,813		56,301
Surface Transportation Safety				
Gross costs	$	45,274	$	41,019
Less: earned revenue		(40)		(101)
Net program costs		45,234		40,918
Research & Engineering				
Gross costs	$	25,505	$	26,014
Less: earned revenue		(22)		(64)
Net program costs		25,483		25,950
Net Cost of Operations	**$**	**133,530**	**$**	**123,169**

The accompanying notes are an integral part of these statements

Financial Statements

Statement of Changes in Net Position
For the Years Ended September 30, 2023 and 2022
(in thousands)

	FY2023	FY2022
Unexpended Appropriations:		
Beginning Balances	$ 25,082	$ 26,240
Beginning Balance, as adjusted	25,082	26,240
Appropriations transferred-in/out	4,696	-
Appropriations received	129,300	121,400
Other Adjustments	(3,244)	(1,437)
Appropriations used	(125,663)	(121,121)
Net Change in Unexpended Appropriations	5,089	(1,158)
Total Unexpended Appropriations: Ending	**30,171**	**25,082**
Cumulative Results of Operations:		
Beginning Balances	(1,459)	(3,059)
Beginning Balances, as adjusted	(1,459)	(3,059)
Appropriations used	125,663	121,121
Transfers-in/out without reimbursement	-	3
Imputed financing (Note 9)	5,505	3,645
Net Cost of Operations	(133,530)	(123,169)
Net Change in Cumulative Results of	(2,362)	1,600
Cumulative Results of Operations: Ending	**(3,821)**	**(1,459)**
Net Position	**$ 26,350**	**$ 23,623**

The accompanying notes are an integral part of these statements

Financial Statements

Statement of Budgetary Resources
For the Years Ended September 30, 2023 and 2022
(in thousands)

	FY2023	FY2022
Budgetary Resources		
Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 10)	$ 27,488	$ 21,871
Appropriations (discretionary and mandatory)	129,300	121,400
Spending authority from offsetting collections (discretionary and mandatory)	-	336
Total Budgetary Resources	**$ 156,788**	**$ 143,607**
Status of Budgetary Resources		
New Obligations and upward adjustments (total)	128,713	120,961
Unobligated balance, end of year:		
Apportioned, unexpired accounts	9,681	13,581
Unapportioned, unexpired accounts	10,301	-
Unexpired Unobligated Balance, end of year	19,982	13,581
Expired unobligated balance, end of year	8,093	9,065
Unobligated balance, end of year (total)	28,075	22,646
Total Budgetary Resources	**$ 156,788**	**$ 143,607**
Outlays, Net		
Outlays, Net	127,120	121,436
Agency Outlays, Net (discretionary and mandatory)	**$ 127,120**	**$ 121,436**

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

For the Years Ended September 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies

A. REPORTING ENTITY

The accompanying financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources of the NTSB. The NTSB is neither part of the DOT nor affiliated with any of the DOT's modal agencies. The agency is identified as a consolidated entity for purposes of reporting in compliance with the Statement of Federal Financial Accounting Standards (SFFAS) 47, Reporting Entity.

B. CLASSIFIED ACTIVITIES

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

C. BASIS OF ACCOUNTING AND PRESENTATION

As required by the ATDA, the accompanying financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources of the NTSB. These financial statements reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized as incurred, without regard to receipt or payment of cash. Budgetary accounting is designed to recognize the obligation of funds according to legal requirements. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds.

The following budget terms are commonly used:

- *Appropriations* is a provision of law authorizing the expenditure of funds for a given purpose.
- *Budgetary resources* are amounts available to incur obligations in a given year.
- *Offsetting collections* are payments to the government that are authorized to be spent for the purposes of the account without further action by Congress. They usually result from business-like transactions with the public.
- *Obligations* are binding agreements that will result in outlays, immediately or in the future.
- *Gross outlays* are payments to liquidate an obligation and are the measure of government spending.

- *Net outlays* equal gross outlays minus certain kinds of receipts or collections that are reported as negative amounts on the outlay side of the budget.

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

D. CHANGE IN PRESENTATION

The NTSB's financial statements are presented in US dollars. All amounts have been rounded to the nearest thousand, unless otherwise indicated. This is a change from the FY 2022 presentation when all rounded amounts were presented as whole dollars.

E. 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.

F. ASSETS

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

Fund Balance with Treasury

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

Accounts Receivable

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

G. PROPERTY AND EQUIPMENT

General Property, Equipment, and Software

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

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

Bulk Purchases

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

Aggregate Purchases

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

Leasehold Improvements

The OCFO has established a capitalization threshold of $100,000 for leasehold improvements. A leasehold improvement is an improvement of a leased asset that increases the asset's value. Depreciation on these assets is calculated using the straight-line method, with 10 years as the estimated useful life of the improvements or the remaining term of the lease, whichever is less.

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 include the design of the chosen path, including software configuration and software interfaces, coding, installation to hardware, and testing, including the parallel processing phase. Internal use software includes software to operate NTSB programs and software used to produce NTSB goods and services. Depreciation on these assets is calculated using the straight-line method with 3 years as the estimated useful life of the asset.

H. LIABILITIES

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

Accounts Payable

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

Accrued Payroll and Benefits

Accrued payroll and benefits represent salaries, wages, and benefits earned by employees but not disbursed as of September 30, 2023. Accrued payroll and benefits are payable to employees and are therefore not classified as intragovernmental. Employer contributions and payroll taxes payable are classified as both intragovernmental and with the public. The employer's contributions and payroll taxes payable represent the employer's portion of payroll taxes and contributions for health benefits, retirement, life insurance, non-foreign cost-of-living allowances for employees stationed outside the continental United States or in Alaska, and recruitment incentive payments.

Annual, Sick, and Other Leave

Annual leave is recognized as an expense and a liability as it is earned; the liability is reduced as leave is taken.

Each year, the balance in the accrued annual, restored, and compensatory leave account is adjusted to reflect current leave balances and pay rates. Sick leave and other types of non-vested leave are expensed as taken. Accrued annual leave is paid from future funding sources and is reflected as a liability not covered by budgetary resources.

Accrued Federal Employee's Compensation Act Liability

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for NTSB employees under FECA are administered by the Department of Labor 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 Department of Labor through the current fiscal year, for which billing to and payment by the NTSB will occur in a subsequent fiscal year and (2) the liability for future costs, which represents the expected liability for approved compensation cases beyond the current fiscal year. Estimated future costs have been actuarially determined and are regarded as a liability to the public because neither the costs nor reimbursement have been recognized by the Department of Labor. The FECA liability is included in liabilities not covered by budgetary resources, as referenced in Note 5.

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

I. EMPLOYEE RETIREMENT PLANS

Civil Service Retirement System and Federal Employees Retirement System

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

For CSRS-covered employees, the NTSB withholds 7.0 percent of gross earnings. The NTSB matches the withholding, and the sum of the withholding and the matching funds are transferred to the CSRS.

For each fiscal year, the Office of Personnel Management (OPM) calculates the US government's service costs for covered employees, which is an estimate of the amount of funds that, if accumulated annually and invested over an employee's career, would be enough to pay that employee's future benefits. Since the US government's estimated FY 2023 service cost exceeds contributions made by employer agencies and covered employees, the plan is not fully funded by the NTSB and our employees. The NTSB recognized imputed cost and imputed financing of $5,504,792 and $3,645,377 for September 30, 2023, and September 30, 2022, respectively.

Employees participating in FERS are covered under the Federal Insurance Contribution Act, for which the NTSB contributes a matching amount to the Social Security Administration. The NTSB made contributions for employees in FERS, FERS-Revised Annuity Employees (FERS-RAE), and FERS-Further Revised Annuity Employees (FERS-FRAE). The agency made contributions of 18.4 percent of basic pay for FERS for FY 2023. For both FERS-RAE and FERS-FRAE covered employees, the NTSB made contributions of 16.6 percent of basic pay for FY 2023. FERS-RAE employees, hired in 2013, are required to contribute 3.1 percent of gross earnings. FERS-FRAE employees, hired in 2014 or later, are required to contribute 4.4 percent of gross earnings.

Thrift Savings Plan

Employees covered by CSRS and FERS are eligible to contribute to the US government's Thrift Savings Plan (TSP), administered by the Federal Retirement Thrift Investment Board. The NTSB makes a mandatory contribution to the TSP of 1 percent of basic pay for FERS-covered employees. In addition, the NTSB matches any employee contribution up to an additional 4 percent of basic pay. Contributions are matched dollar for dollar for the first 3 percent of pay contributed each pay period and 50 cents on the dollar for the next 2 percent of pay. There are no percentage limits on contributions to the TSP for FERS participants. There are no percentage limits on contributions to the TSP for CSRS participants, but there is no governmental matching contribution. The maximum amounts that either FERS or CSRS employees may contribute to the plan in calendar year 2023 is $22,500. Those who are of age 50 and older may contribute an additional $7,500 in catch up contributions.

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

J. 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.

K. REVENUES AND OTHER FINANCING SOURCES

Appropriations

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

Annual Salaries and Expenses Appropriations

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

Supplemental Salaries and Expenses Appropriations

Congress provides supplemental appropriations to fund extraordinary investigations.

No-Year Emergency Fund Appropriations

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

Imputed Financing Sources

In accordance with OMB Circular A-136, all expenses should be reported by agencies whether or not these expenses would be paid by the agency that incurs the expense. The amounts for certain expenses of the NTSB that will be paid by other federal agencies are recorded in the Statement of Net Cost. A corresponding amount is recognized in the Statement of Changes in Net Position as an "Imputed Financing Source." These imputed financing sources represent the unfunded pension costs, Federal Employees Health Benefits Program costs, and Federal Employees Group Life Insurance program costs of NTSB employees, claims to be settled by the Treasury Judgment Fund, and imputed cost for services received from other federal agencies without reimbursement, as required by SFFAS No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

L. 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 revenue collected by the NTSB includes amounts collected for training programs, rental of conference room space, subleasing of office space, and investigative-related services.

M. NET POSITION

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

Unexpended appropriations include those appropriations not yet obligated or expended, represented by the unobligated balances and undelivered orders of the agency's appropriated funds. Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments—but not for new obligations—until that account is closed, 5 years after the appropriations expire. Cumulative results of operations are the net result of the NTSB's operations since inception.

Note 2. Fund Balance with Treasury

The Treasury performs cash management activities for all federal agencies. The net activity represents Fund Balance with Treasury, which gives the NTSB authority to draw down funds from Treasury for expenses and liabilities. The Fund Balance with Treasury as of September 30, 2023, and September 30, 2022, consists of the following:

	FY 2023	FY 2022
	(in thousands)	
Status of Fund Balance with Treasury		
Unobligated Balance		
Available	$ 19,982	$ 13,581
Unavailable	8,093	9,065
Total Unobligated Balance	**28,075**	**22,646**
Obligated Balance not yet Disbursed	21,065	21,296
Total	**$ 49,140**	**$ 43,942**

Available unobligated balances are amounts that were apportioned and/or allotted for obligation in the current fiscal year. Unavailable unobligated balances are 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, Net

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

Accounts receivable consisted of the following as of September 30, 2023, and September 30, 2022:

	FY 2023		FY 2022	
	(in thousands)			
With the Public:				
Accounts Receivable	$	3	$	9
Allowance for Doubtful Accounts		-		-
Accounts Receivable, Net	**$**	**3**	**$**	**9**

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

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

Schedule of Property, Equipment, and Software as of September 30, 2023 (in thousands)

Asset Category	**Acquisition Cost**		**Accumulated Amortization/ Depreciation**		**Net Book Value**	
Equipment	$	11,971	$	9,570	$	2,401
Leasehold Improvements		404		90		314
Internal-Use Software		3,120		2,296		824
Software-in-Development		295		-		295
Total	**$**	**15,790**	**$**	**11,956**	**$**	**3,834**

Schedule of Property, Equipment, and Software as of September 30, 2022 (in thousands)

Asset Category	**Acquisition Cost**		**Accumulated Amortization/ Depreciation**		**Net Book Value**	
Equipment	$	12,872	$	9,598	$	3,274
Assets Under Capital Lease		23,732		22,645	$	1,087
Leasehold Improvements		251		105	$	146
Internal-Use Software		1,884		1,884	$	-
Software-in-Development		1,247		-	$	1,247
Construction-in-Progress		666		-	$	666
Total	**$**	**40,652**	**$**	**34,232**	**$**	**6,420**

Note 5. Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources result from the receipt of goods and services or the occurrence of events for which appropriations, revenues, or other financing sources necessary to pay the liabilities have not yet been made available through congressional appropriation. Unfunded Intragovernmental Liabilities consist of Accrued FECA in the amount of approximately $1.9 million.

Liabilities Covered and Not Covered by Budgetary Resources as of September 30, 2023 consist of the following (in thousands):

	Liabilities Covered by Budgetary Resources	Liabilities Not Covered by Budgetary Resources	Total
Intragovernmental:			
Accounts payable	$ 138	$ -	$ 138
Employer contributions and payroll taxes	452	-	452
Unfunded FECA liability	-	1,912	1,912
Unfunded unemployment insurance	-	9	9
TMF Loan	-	1,565	1,565
Total Intragovernmental	**590**	**3,486**	**4,076**
With the public:			
Accounts payable	4,660	-	4,660
Actuarial FECA liability	-	9,782	9,782
Employer contributions and payroll taxes	63	-	63
Accrued funded payroll & leave	1,454	-	1,454
Unfunded leave	-	6,592	6,592
Advances from others	-	-	-
Liability for undeposited collections	-	-	-
Total with the Public	**6,177**	**16,374**	**22,551**
Total Liabilities	**$ 6,767**	**$ 19,860**	**$ 26,627**

Liabilities Covered and Not Covered by Budgetary Resources as of September 30, 2022 consist of the following (in thousands):

	Liabilities Covered by Budgetary Resources		Liabilities Not Covered by Budgetary Resources		Total	
Intragovernmental:						
Accounts payable	$	47	$	-	$	47
Employer contributions and payroll taxes		370		-		370
Unfunded FECA liability		-		1,459		1,459
Total Intragovernmental		**417**		**1,459**		**1,876**
With the public:						
Accounts payable		6,425		-		6,425
Actuarial FECA liability		-		8,833		8,833
Employer contributions and payroll taxes		54		-		54
Accrued funded payroll & leave		1,291		-		1,291
Unfunded leave		-		6,588		6,588
Advances from others		114		-		114
Capital lease liability (Note 6)		-		1,567		1,567
Total with the Public		**7,884**		**16,988**		**24,872**
Total Liabilities	**$**	**8,301**	**$**	**18,447**	**$**	**26,748**

Note 6. Leases

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

Capital Leases

The NTSB signed a 20-year capital lease in 2001 to rent the Ashburn, Virginia, training facility space. The lease period expired on July 31, 2023.

	FY 2023		FY 2022	
	(in thousands)			
Land and Buildings (Training Center)	$	-	$	23,732
Accumulated Depreciation		-		(22,645)
Net Book Value	**$**	**-**	**$**	**1,087**

Operating Leases

The NTSB has several operating leases with the GSA for office and meeting space. The GSA charges rent that is intended to approximate commercial rental rates.

Future Payments Due for Operating Leases: Non-Cancelable (in thousands)

Fiscal Year	Federal	
2024	$	858
2025		865
2026		143
2027 and beyond		-
Total Future Payments Due	**$**	**1,866**

Future Payments Due for Operating Leases: Cancelable (in thousands)

Fiscal Year		Federal
2024	$	9,298
2025		9,343
2026		1,796
2027		330
2028		334
2029 and beyond		2,804
Total Future Payments Due	**$**	**23,905**
Total Future Payments Due for Operating Leases	**$**	**25,771**

Summary of Lease Arrangements

Buildings

Location	Federal/Non-Federal	Description of Lease Arrangements
Headquarters Washington, DC	Federal	Headquarters and conference center leases, both of which commenced on December 1, 2020, and end November 30, 2025, subject to anticipated tax escalation in excess of the occupancy agreement.
Central Region Denver, Colorado	Federal	Lease of regional office space from February 1, 2023, through December 16, 2037.
Western Pacific Region Federal Way, Washington	Federal	Lease of regional office space from September 1, 2020, through August 31, 2035.
Alaska Region Anchorage, Alaska	Federal	Lease of regional office space from June 1, 2016, through March 31, 2024.

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

Note 7. Commitments and Contingencies

The NTSB is involved in certain claims, suits, and complaints that have been filed or are pending. These matters are in the ordinary course of agency operations and are not expected to have a material adverse effect on the agency's financial operations. An accrued liability is recognized for legal claims where the loss is probable, and the amount can be reasonably estimated. For pending legal claims where the loss is reasonably possible, a liability is not recognized, however, the estimated range of loss is disclosed.

The schedule below details the number of contingent losses, any accrued liabilities, and the estimated range of loss for pending legal cases as of September 30, 2023, and September 30, 2022 (in thousands).

FY 2023

Legal Contingencies	**Number of Contingent Losses**	**Accrued Liabilities**	**Estimated Range of Loss Lower End**	**Estimated Range of Loss Upper End**
Probable	-	$ -		
Reasonably Possible	2	$ -	Estimated amount or range of potential loss is unknown	

FY 2022

Legal Contingencies	**Number of Contingent Losses**	**Accrued Liabilities**	**Estimated Range of Loss Lower End**	**Estimated Range of Loss Upper End**
Probable	-	$ -		
Reasonably Possible	3	$ -	Estimated amount or range of potential loss is unknown	

Note 8. Suborganization Program Costs/Program Costs by Segment

Intragovernmental and Public Costs Supporting Schedule by Program Segment (in thousands)

FY 2023	Aviation Safety	Surface Safety	Research & Engineering	Consolidated Totals
Intragovernmental Gross Costs	$ 21,223	$ 13,332	$ 7,430	$ 41,985
Less: Intragovernmental Earned Revenue	-	-	-	-
Intragovernmental Net Costs	**21,223**	**13,332**	**7,430**	**41,985**
Gross Costs with the Public	41,642	31,942	18,075	91,659
Less: Earned Revenues from the Public	(52)	(40)	(22)	(114)
Net Costs with the Public	**41,590**	**31,902**	**18,053**	**91,545**
Net Cost of Operations	**$ 62,813**	**$ 45,234**	**$ 25,483**	**$ 133,530**

FY 2022	Aviation Safety	Surface Safety	Research & Engineering	Consolidated Totals
Intragovernmental Gross Costs	$ 16,253	$ 11,959	$ 7,803	$ 36,015
Less: Intragovernmental Earned Revenue	(63)	(47)	(30)	(140)
Intragovernmental Net Costs	**16,190**	**11,912**	**7,773**	**35,875**
Gross Costs with the Public	40,186	29,060	18,211	87,457
Less: Earned Revenues from the Public	(75)	(54)	(34)	(163)
Net Costs with the Public	**40,111**	**29,006**	**18,177**	**87,294**
Net Cost of Operations	**$ 56,301**	**$ 40,918**	**$ 25,950**	**$ 123,169**

Note 9. Inter-Entity Costs (Imputed Financing)

The cost of pension and other future retirement benefits are paid by OPM on behalf of the NTSB. OPM provides the rates for recording the estimated cost of pension and other future retirement benefits. These costs are reflected as imputed financing in the consolidated financial statements. Expenses of the NTSB paid or to be paid by other federal agencies on September 30, 2023 and September 30, 2022, consisted of the following:

	FY 2023	FY 2022
	(in thousands)	
Pension expenses	$ 2,170	$ 680
Federal employees group life insurance (FEGLI)	9	8
Federal employee health benefits (FEHB)	3,326	2,957
Total Imputed Financing	**$ 5,505**	**$ 3,645**

Note 10. Statement of Budgetary Resources Disclosures

The Statement of Budgetary Resources compares budgetary resources with the status of those resources. As of September 30, 2023, budgetary resources were $156.8 million and net agency outlays were $127.1 million. As of September 30, 2022, budgetary resources were $143.6 million and net agency outlays were $121.4 million.

Net Adjustments to Unobligated Balance Brought Forward, October 1

In accordance with *SFFAS No. 7, paragraph 79*, the reconciliation of the unobligated balance brought forward October 1, to the unobligated balance from prior year budget authority, net (dollars) is presented as follows:

	FY 2023	FY 2022
	(in thousands)	
Unobligated Balance Brought Forward, October 1	$ 22,646	$ 19,211
Transfers - Prior-Year Balances (TMF)	6,262	-
Recoveries of Prior Year Obligations (Unpaid)	1,690	3,978
Other Changes in Unobligated Balance	134	119
Canceled Authority	(3,244)	(1,437)
Unobligated Balance from Prior Year Budget Authority, Net	**$ 27,488**	**$ 21,871**

During the periods ended September 30, 2023, and September 30, 2022, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2022, and October 1, 2021. These adjustments included, among other things, recoveries of prior year unpaid obligations that result from downward adjustments of undelivered orders that were obligated in a prior fiscal year.

Undelivered Orders at the End of the Period

Undelivered orders are purchase orders issued by the NTSB during FY 2023 and the 5 expiring fiscal years that have not had delivery of the required product or service as of September 30, 2023, and September 30, 2022, respectively.

It is anticipated that these undelivered items will be provided in future periods and will require resources obligated during the respective fiscal years.

	FY 2023	FY 2022
	(in thousands)	
Intragovernmental Undelivered Orders, Unpaid	$ 2,122	$ 4,033
Public Undelivered Orders, Unpaid	12,178	9,076
Total Undelivered Orders, Unpaid	**$ 14,300**	**$ 13,109**

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

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources available, the status of those resources, and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the *Budget of the United States Government* (budget). The budget that will include FY 2023 actual budgetary execution information is scheduled for publication in February 2024; it will be available on the OMB's website at http://www.whitehouse.gov/omb. Accordingly, information required for FY 2023 disclosure is not available at the time of publication of these financial statements. Balances reported in the FY 2022 Statement of Budgetary Resources and the related President's Budget reflected the following:

(in millions)	**Budgetary Resources**	**Obligations**	**Net Outlays**
Combined Statement of Budgetary Resources	$ 144	$ 121	$ 121
Unobligated Balance - expired	(9)	-	-
Emergency Fund	(2)	-	-
Differences Due to Rounding	(2)	(1)	1
Budget of the U.S. Government	**$ 131**	**$ 120**	**$ 122**

Note 11. Reconciliation of Net Cost and Budget Outlays

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities.

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to ensure integrity between budgetary and financial accounting.

The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

- Components of Net Cost That Are Not Part of Net Outlays reflects the budgetary resources used to finance NTSB's activities, but not paid. Net Cost of Operations is reported net of any earned revenue and other financing sources (for example, imputed costs, transfers-in/out without reimbursement).

- Components of Net Outlays That Are Not Part of Net Cost includes resources used to finance the activities of the entity to account for items that were included in net outlays but were not part of the Statement of Net Cost. This item includes outlays recognized in the current period that do not affect the net cost of operations (for example, an acquisition of assets reflected in net obligations but not in the Statement of Net Cost). The acquisition of capital assets results in outlays but does not result in costs. Rather, the costs are recognized over the useful lives of the assets as depreciation expense. To reconcile this difference, depreciation is a component of net cost of operations, but not part of net outlays; and the acquisition of capital assets is a component of net outlays, but not part of net cost.

The reconciliation as of September 30, 2023 is presented as follows:

(in thousands)	Intra-governmental	With the Public	Total
Net Cost of Operations	**$ 41,985**	**$ 91,545**	**$ 133,530**
Components of Net Cost That Are Not Part of Net Outlays:			
Property, equipment, and software depreciation	-	(2,954)	(2,954)
Property, equipment, and software disposal & revaluation	-	(129)	(129)
Increase/(decrease) in Assets:			
Accounts receivable	-	(7)	(7)
(Increase)/decrease in Liabilities:			
Accounts payable	(91)	1,880	1,789
Salaries and benefits	(81)	(172)	(253)
Other liabilities	(462)	614	152
Other financing sources:			
Imputed cost	(5,505)	-	(5,505)
That Are Not Part of Net Outlays	**$ (6,139)**	**$ (768)**	**$ (6,907)**
Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of capital assets	154	343	497
Total Components of Net Outlays That Are Not Part of Net Cost	**$ 154**	**$ 343**	**$ 497**
Outlays, Net	**$ 36,000**	**$ 91,120**	**$ 127,120**

The reconciliation as of September 30, 2022 is presented as follows:

(in thousands)	Intra-governmental	With the Public	Total
Net Cost of Operations	**$ 35,876**	**$ 87,293**	**$ 123,169**
Components of Net Cost That Are Not Part of Net Outlays:			
Property, equipment, and software depreciation	-	(3,020)	(3,020)
Property, equipment, and software disposal & revaluation	-	(12)	(12)
Increase/(decrease) in assets:			
Accounts Receivable	-	(36)	(36)
(Increase)/decrease in liabilities:			
Accounts payable	613	(2,669)	(2,056)
Salaries and benefits	579	2,068	2,647
Other liabilities	69	2,084	2,153
Other Financing Sources:			
Imputed Cost	(3,645)	-	(3,645)
Transfers out (in) without reimbursement	(3)	-	(3)
That Are Not Part of Net Outlays	**$ (2,387)**	**$ (1,585)**	**$ (3,972)**
Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of capital assets	-	2,239	2,239
Outlays That Are Not Part of Net Cost	**$ -**	**$ 2,239**	**$ 2,239**
Outlays, Net Calculated	**$ 33,489**	**$ 87,947**	**$ 121,436**

U.S. Department of Transportation
Office of Inspector General

Fraud & Safety Hotline

https://www.oig.dot.gov/hotline

hotline@oig.dot.gov

(800) 424-9071

OUR MISSION

OIG enhances DOT's programs and operations by conducting objective investigations and audits on behalf of the American public.

1200 New Jersey Ave SE
Washington, DC 20590
www.oig.dot.gov