

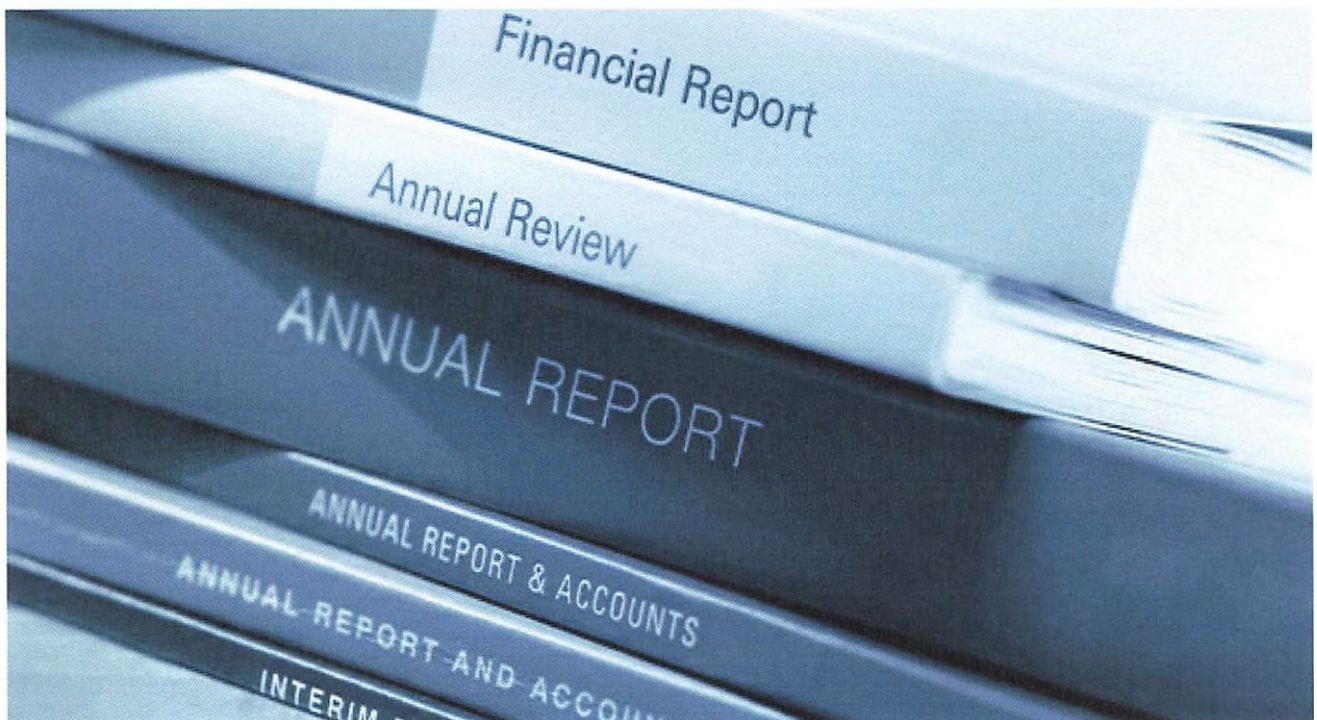


**OFFICE OF
INSPECTOR GENERAL**
UNITED STATES POSTAL SERVICE

AUDIT REPORT

Independent Auditor's Report on the U.S. Postal Service's Fiscal Year 2022 Reclassified Financial Statements

November 15, 2022



Report Number 22-157-R23



November 15, 2022

MEMORANDUM FOR: JOSEPH CORBETT
CHIEF FINANCIAL OFFICER AND EXECUTIVE
VICE PRESIDENT

A handwritten signature in black ink, reading "Tammy Whitcomb Hull", is centered below the memorandum header.

FROM: TAMMY WHITCOMB HULL
INSPECTOR GENERAL

SUBJECT: Audit Report - Independent Auditor's Report on the U.S.
Postal Service's Fiscal Year 2022 Reclassified Financial
Statements (Report Number 22-157-R23)

Opinion on the Reclassified Financial Statements

We have audited the accompanying Reclassified Financial Statements of the U.S. Postal Service, which comprises the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) Reconciliation Report - Reclassified Balance Sheet as of September 30, 2022, and the related GTAS Reconciliation Reports - Reclassified Statement of Net Cost and Reclassified Statement of Operations and Changes in Net Position, for the year then ended (hereinafter referred to as reclassified financial statements) and accompanying Note 38. In our opinion, the reclassified financial statements referred to above present fairly, in all material respects, the financial position of the Postal Service as of September 30, 2022, and its net costs and changes in net position for the year then ended in accordance with U.S. generally accepted accounting principles (GAAP).

Basis for Opinion

We conducted our audit in accordance with the standards applicable to financial audits contained in the United States (U.S.) *Government Auditing Standards*, issued by the Comptroller General of the U.S., and Office of Management and Budget (OMB) Bulletin Number 22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards are further described in the Auditor's Responsibility section. We are required to be independent of the Postal Service and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these reclassified financial statements in accordance with U.S. GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the reclassified financial statements that are free from material misstatement, whether due to fraud or error. In addition, management is responsible for complying with applicable provisions of laws, regulations, and contracts.

Auditor's Responsibility

Our objective was to obtain reasonable assurance about whether the reclassified financial statements as a whole are free from material misstatement, whether due to fraud or error, and to 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 reclassified financial statements conducted in accordance with *Government Auditing Standards* will always detect a material misstatement or a 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 of the reclassified financial statements in accordance with *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the reclassified financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to our audit of the reclassified financial statements to design audit procedures that are appropriate in the circumstances.
- Consider compliance with provisions of laws, regulations, or contracts that could have a material effect on the reclassified financial statement amounts.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

Auditor's Consideration of Internal Control over Financial Reporting

In planning and performing our audit of the reclassified financial statements as of and for the year ended September 30, 2022, we also considered the Postal Service's internal control over the financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the reclassified financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Postal Service's internal control. Accordingly, we do not express an opinion on the effectiveness of the Postal Service's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit the attention by those charged with governance. We found no material weaknesses or significant deficiencies in our limited review of internal control over the financial reporting process that are required to be reported under *Government Auditing Standards* and OMB Bulletin Number 22-01.

Auditor's Tests for Compliance Specific to the Reclassified Financial Statements

As part of obtaining reasonable assurance about whether the Postal Service's reclassified financial statements are free from material misstatement, we performed tests of its compliance with provisions of U.S. Department of the Treasury's (Treasury) *Treasury Financial Manual* (TFM) Chapter, Volume 1, Part 2, Chapter 4700 (TFM 2-4700), noncompliance with which could have a material effect on the reclassified financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit of the reclassified financial statements and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that would be required to be reported herein under *Government Auditing Standards* and OMB Bulletin Number 22-01.

Emphasis of Matter

The Budget and Accounting Procedures Act of 1950 allows the Secretary of the Treasury to stipulate the format and requirements of executive agencies to furnish

financial and operational information to the President and the Congress to comply with the Government Management Reform Act of 1994 (GMRA) (Pub. L. Number 103-356), which requires the Secretary of the Treasury to prepare and submit annual audited financial statements of the executive branch. The Secretary of the Treasury developed guidance in TFM 2-4700 to provide agencies with instructions to meet the requirements of GMRA. The TFM 2-4700 requires agencies to submit a GTAS adjusted trial balance, which Treasury uses to populate a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and Reclassified Statement of Operations and Changes in Net Position.

The reclassified financial statements were prepared in accordance with the requirements of the TFM 2-4700 for the purpose of providing financial information to the Treasury and the U.S. Government Accountability Office to use in preparing and auditing the *Financial Report of the U.S. Government*. They are not intended to be a complete presentation of the balance sheet of the Postal Service as of September 30, 2022, as required by the Postal Reorganization Act of 1970, as amended, and the related statements of operations, cash flows, and changes in net position (hereinafter referred to as general-purpose financial statements¹).

As allowed by the *Statements of Federal Financial Accounting Standards* (SFFAS) Number 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards issued by the Financial Accounting Standards Board*, the Postal Service prepared and reported its fiscal year (FY) 2022 reclassified financial statements in accordance with accounting and reporting standards issued by the *Financial Accounting Standards Board* (FASB). Whereas, other federal agencies prepare and report their financial statements in accordance with accounting and reporting standards issued by the Federal Accounting Standards Advisory Board (FASAB).

The Postal Service changed its method of accounting for leases effective FY 2020, due to the adoption of FASB Accounting Standards Update (ASU) Number 2016-02, Leases (Topic 842). The FASB standard for leases requires the Postal Service to record most leases on its balance sheets; and, as the lessee, to recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. In contrast, the current SFFAS standard requires other federal agencies to classify leases between capital and operating leases, in which, under operating leases, the lessee does not assume the risk of ownership of the asset and the lease expense is treated as an operating expense and does not affect the balance sheet.² Due to the differing lease standards, the Postal Service's FY 2022 balance sheet lines-Property, plant, and equipment, net and other liabilities-may not be comparable to other federal agencies.

¹ The Postal Service general-purpose financial statements are published on the Security and Exchange Commission Form 10-K, as prescribed by the Postal Accountability and Enforcement Act of 2006 (PAEA) (PL-109-435).

² The upcoming new standard, SFFAS Number 54, Leases, will become effective with reporting periods beginning after September 30, 2023, and will align to the FASB standard.

Intragovernmental Transactions Differences

U.S. Department of Defense (DoD)

The DoD is responsible for transporting mail from overseas military facilities to Postal Service facilities and between overseas military Postal Service facilities. Operationally, the Postal Service transports the mail on behalf of DoD, and the DoD reimburses the Postal Service for fees paid for transporting this mail. The Postal Service records these amounts as net revenue, recognizing a contra-expense for the reimbursable amounts because it invoices the DoD only to cover expenses.

During FY 2015, in a dispute resolution ruling, Treasury determined the Postal Service should record this activity as revenue. The Postal Service maintains that the accounting treatment of the reimbursable military expenses as an offset to expense is appropriate and in accordance with GAAP promulgated by FASB. As a result, for the year ended September 30, 2022, an intragovernmental difference of approximately \$148 million exists between the Postal Service and DoD.

Office of Personnel Management (OPM)

Imputed Cost

OPM, on behalf of federal entities, manages the governmentwide employee benefit programs that provide retirement, health benefits, and life insurance to federal employees. FASAB standards require federal entities to recognize an imputed cost/(benefit) from OPM, because the cost to the federal government to provide a future retirement benefit to most employees is higher than the combined employer and employee contributions.³ Imputed costs reflect the amount by which the cost to the federal government of an employee benefit exceeds the amount contributed by employees and their employers. This requirement is applicable to all retirement, health, and life insurance benefit programs.

The Postal Service prepares its financial reports in accordance with GAAP promulgated by the FASB. GAAP requires the Postal Service to account for retirement, health, and life insurance benefit programs under multi-employer accounting rules, and expense is recognized for each period's legally required contribution.

Prior to FY 2019, the Postal Service converted its financial statements from FASB GAAP to FASAB GAAP and reported an imputed cost or benefit in its adjusted trial balance provided to the Bureau of Fiscal Service (Fiscal Service). Effective FY 2019, Treasury⁴ eliminated the need for conversion. Therefore, for FY 2022, the Postal Service will not report this imputed cost/(benefit) in its adjusted trial balance. The Postal Service and OPM agreed that the calculated imputed cost is about \$4.5 billion for FY 2022.

³ SFFAS Number 5, *Accounting for Liabilities of The Federal Government*.

⁴ TFM 4735.40, *Special Basis of Accounting*.

Retiree Health Benefits

Prior to April 2022, the Postal Service was statutorily required to contribute additional amounts to U.S. government benefits programs for retiree health benefits. To preserve liquidity and ensure its ability to fulfill its primary universal service mission was not placed at undue risk, the Postal Service did not make some of these required payments with a total unpaid amount of retiree health benefits as of September 30, 2021, of \$57.0 billion.

On April 6, 2022, the Postal Service Reform Act of 2022 was enacted as Public Law 117-108 cancelling these past due obligations. The Postal Service recorded this as a reduction of the liability and a contra-expense in the amount of \$57.0 billion. OPM had established an allowance for loss for the past due payments and continued to increase this allowance for loss and record bad debt expense each fiscal year. With the passage of the Postal Service Reform Act, OPM wrote off this allowance for loss. As a result, there is a \$57.0 billion difference for the year ended September 30, 2022. A top-level journal entry for this difference is anticipated, but will be recorded against OPM, not the Postal Service.

Retirement Benefits

The Postal Service is statutorily required to contribute certain additional amounts to U.S. government benefits programs for retirement benefits, including the Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS), both administered by OPM. The Postal Service did not make some of these required payments.⁵

The OPM established an allowance for loss for the Postal Service's past due payments and continues to increase this allowance for loss and record bad debt expense each fiscal year. Since the Postal Service still has a legal obligation to make these payments, it has not made changes to its accounting policy and continues to report them as current liabilities. As of September 30, 2022, OPM reported \$18.1 billion as an allowance for loss with the Postal Service. For the year ended September 30, 2022, OPM reported \$3.4 billion as bad debt expense with the Postal Service, representing the FY 2022 amounts that were invoiced but not paid. A top-level journal entry for these differences is anticipated, but will be recorded against OPM, not the Postal Service.

Cash Held Outside of Treasury

The Postal Service is a Non-Treasury Disbursing Officer of the U.S. government, authorized to issue payments itself, rather than through the Treasury. However, the

⁵ For CSRS, amortization payments from FY 2017 through FY 2022 are due. For FERS, amortization payments from FY 2014 through FY 2022 are due.

Postal Service is required under 39 U.S.C. § 2003⁶ to deposit all collections into the U.S. Treasury, except as provided by another law.

As an agency that has authority to issue Treasury checks, the Postal Service prepares and submits a monthly report that provides the balance of funds that the Postal Service considers in-transit to the Treasury.

The Fiscal Service considers this balance as cash held outside of Treasury and reports the amount as an asset of the General Fund. To reciprocate, the Fiscal Service has requested that the Postal Service report the balance as a liability to the General Fund.

The Postal Service maintains that reporting this balance as a liability will misrepresent its financial position. Unlike other federal entities, Postal Service collections are not receipts of the U.S. government and are not a liability of the Postal Service. While funds are in-transit to the General Fund and will ultimately be reported within the *Fund Balance With Treasury*, the amounts are not due to the General Fund. The Postal Service and the Fiscal Service agree that the balance as of September 30, 2022, is \$523 million.

Other Matters

Opinion on the General-Purpose Financial Statements

The Postal Service's independent public accounting (IPA) firm has audited, in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB), auditing standards generally accepted in the U.S. and the standards applicable to financial audits contained in U.S. *Government Auditing Standards* issued by the Comptroller General of the U.S., the general-purpose financial statements of the Postal Service as of and for the years ended September 30, 2022 and 2021, and its report thereon, dated November 10, 2022, expressed an unqualified opinion on those financial statements.

Additionally, in its unqualified opinion on the FY 2022 general-purpose financial statements, dated November 10, 2022, the IPA firm emphasized liquidity matters discussed in the Postal Service's general-purpose financial statement disclosures. That view should be read in conjunction with this report.

Internal Control and Compliance Considerations Specific to the General-Purpose Financial Statements

In accordance with *Government Auditing Standards*, the Postal Service's IPA firm issued a report⁷ dated November 10, 2022, on its consideration of the Postal Service's

⁶ 39 U.S.C. § 2003, The Postal Service Fund, established a revolving fund titled the Postal Service Fund. It is available to the Postal Service without fiscal year limitations to carry out the purposes, functions, and powers authorized by law.

⁷ *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, dated November 10, 2022.

internal control over financial reporting and the results of its tests of the Postal Service's compliance with certain provisions of laws, regulations, and contracts. The IPA firm's report is an integral part of an audit performed in accordance with PCAOB, auditing standards generally accepted in the U.S., and *Government Auditing Standards*, and should be read in conjunction with our report in considering the results of our audit of the reclassified financial statements.

The IPA firm's report on its consideration of the Postal Service's internal control over financial reporting did not identify any deficiencies in internal control over financial reporting considered to be significant deficiencies or material weaknesses as of September 30, 2022 and 2021.

However, the IPA firm noted instances of non-compliance with laws and regulations. Specifically, the Postal Service failed to comply with various laws when it defaulted on retirement obligations from FY 2014 through 2022. Table 1 provides CSRS and FERS payments due by fiscal year-end.

Table 1. CSRS and FERS Non-Payments

Type of Payment	Fiscal Year-End Due Date	Amount (in Millions)
CSRS Supplemental Liability ⁸	2017	\$1,700
	2018	1,400
	2019	1,600
	2020	1,800
	2021	1,900
	2022	2,300
FERS Supplemental Liability ⁹	2014 through 2016	495
	2017	917
	2018	958
	2019	1,100
	2020	1,300
	2021	1,400
	2022	1,100

Source: U.S. Postal Service Non-Compliance Letter, dated October 25, 2022.

⁸ Title 5 of the U.S. Code, *Government Organization and Employees*, § 8348(h) *Civil Service Retirement and Disability Fund*.

⁹ Title 5 of the U.S. Code, *Government Organization and Employees*, § 8423(b) *Government Contributions*.

The list of payments specified above no longer includes any payments related to retiree health benefits, which were discussed in previous years' reports. The Postal Service Reform Act of 2022 eliminated the obligation to prefund the retiree health benefit program and canceled all past due prefunding obligations.

This year, and in contrast to previous years in which the Postal Service did not make these amortization payments, the Postal Service made a partial payment of \$500 million. Of this amount, about \$39 million reflects the required remittance for revenue that the Postal Service generated under the retirement-based rate authority in FY 2021. The Postal Service made this remittance, plus an additional \$461 million, towards its retirement obligations.

Postal Service management concurred with the reported instances of noncompliance related to the non-payments. As of November 10, 2022, the Postal Service has suffered no penalties or damages because of its inability to make these payments.

Restriction on Use of the Report on the Reclassified Financial Statements

This report is intended solely for the information and use of the management of the Postal Service, Treasury, OMB, and U.S. Government Accountability Office in connection with the preparation and audit of the *Financial Report of the U.S. Government* and is not intended to be and should not be used by anyone other than these specified parties.

Management's Comments

We provided a draft of this report to Postal Service management for their review and comment. Management reviewed the report and advised they did not have any comments.

cc: Secretary of the Board of Governors
Corporate Audit and Response Management

U.S. Department of the Treasury Bureau of the Fiscal Service
GTAS
Reclassified Financial Statements
Reclassified Balance Sheet

Fiscal Period: 2022, 12 - September
ATB Status: Certified
Manual Adjustments: 1800 - United States Postal Service

FR Entity: 1800 - United States Postal Service

		Final Amount
1	Fund 13 balance with Treasury (Note 3) (RC 40)	2,890,774,315.71
2	Investments, net (Note 5)	20,914,466,748.14
2.1	Federal investments (Note 5) (RC 01)	20,913,400,000.00
2.2	Interest receivable - investments (Note 5) (RC 02)	1,066,748.14
3	Accounts receivable, net (Note 6)	31,890,045.69
3.4	Accounts receivable, net (RC 22)	31,890,045.69
6	Other Assets (Note 12)	524,309,143.21
6.1	Other assets (RC 30)	524,309,143.21
7	Total Intra-governmental	24,361,440,252.75
8	Cash and other monetary assets* (Note 4)	-186,041,224.39
9	Accounts receivable, net (Notes 6 and 7)	1,293,144,347.95
11	Inventory and related property, net (Note 9)	132,634,228.85
12	General property, plant, and equipment, net (Note 10)	20,241,103,744.83
13	Advances and prepayments	188,922,871.18
14	Investments, net (Note 5)	-0.01
17	Other assets (Note 12)	83,885,710.11
18	Total other than intra-governmental	21,753,649,678.52
19	Total assets	46,115,089,931.27
20	Stewardship PP&E (Note 11)	
22	Accounts payable (Note 17)	5,670,959.34
22.2	Accounts payable (RC 22)	5,670,959.34
24	Debt (Note 14B)	10,039,833,076.23
24.1	Interest payable - loans and not otherwise classified (RC 04)	39,833,076.23
24.2	Loans payable (RC 17)	10,000,000,000.00
25	Advances from others and deferred revenue (RC 23)	181,152,148.52
26	Other Liabilities (Note 17)	19,920,100,014.53
26.5	Other current liabilities - Benefit contributions payable (Note 15) (RC 21)	19,901,311,237.35
26.6	Other liabilities - Reimbursable activities (RC 22)	18,788,777.18
27	Total Intra-governmental	30,146,756,198.62
28	Accounts payable	2,316,895,334.81
30	Federal employee and veteran benefits payable* (Note 15)	1,308,720,250.84
36	Advances from others and deferred revenue	4,914,427,621.62
37	Other liabilities (Notes 18, 19, and 20)	12,268,911,287.73
38	Total other than intra-governmental	32,586,954,495.00
39	Total liabilities	62,733,710,693.62
40	Commitments and Contingencies (Note 20)	
41	Total Unexpended Appropriation (Consolidated)	15,000,000.00
41.2	Unexpended appropriations - Funds from other than Dedicated Collections	15,000,000.00
41.3	Total Unexpended Appropriations - Eliminations Between Dedicated and All Other	
42	Total Cumulative Results of Operations (Consolidated)	-16,633,620,762.35
42.2	Cumulative results of operations - Funds from other than Dedicated Collections	-16,633,620,762.35
42.3	Total Cumulative Results of Operations - Eliminations Between Dedicated and All Other	
43	Total net position	-16,618,620,762.35
44	Total liabilities and net position	46,115,089,931.27

Due to an Excel limitation with number precision, any amounts that exceed 15 digits may be displayed incorrectly.

Combined ATB Amount - A combination of Intra-Departmental and Intra-Governmental ATB amounts

Intra-Departmental Eliminations - The Intra-Departmental ATB amounts, which is the total of all bulk file activity where the Agency uses itself

Consolidated ATB Amount - The ATB amount left after removing the Intra-Departmental Amounts from the Combined ATB Amount

Manual Adjustment - The Manual Adjustment Amount

Final Amount - The Amount that is generated after adding the Consolidated ATB Amount to the Manual Adjustment Amount

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U.S. Department of the Treasury Bureau of the Fiscal Service
GTAS
Reclassified Financial Statements
Reclassified Statement of Net Cost

Fiscal Period: 2022, 12 - September
ATB Status: Certified
Manual Adjustments: 1800 - United States Postal Service

FR Entity: 1800 - United States Postal Service

		Final Amount
1	Gross cost	
2	Non-federal gross cost	62,265,939,432.24
6	Total non-federal gross cost	62,265,939,432.24
7	Federal gross cost	
7.1	Benefit program costs (RC 26) /2	-42,582,893,109.70
7.3	Buy/sell cost (RC24) /2	-49,306,428.10
7.6	Borrowing and other interest expense (RC05) /2	166,839,956.04
7.8	Other expenses (without reciprocals) (RC 29)	3,001,635,686.26
8	Total federal gross cost	-39,463,723,895.50
9	Department total gross cost	22,802,215,536.74
10	Earned revenue	
11	Non-federal earned revenue	76,192,445,829.28
12	Federal earned revenue	
12.2	Buy/sell revenue (exchange) (RC 24) /2	2,364,315,181.51
12.4	Federal securities interest revenue including associated gains and losses (exchange) (RC 03) /2	170,097,296.89
12.5	Borrowing and other interest revenue (exchange) (RC 05) /2	17,753,304.00
13	Total federal earned revenue	2,552,165,782.40
14	Department total earned revenue	78,744,611,611.68
15	Net cost of operations	-55,942.396,074.94

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U.S. Department of the Treasury Bureau of the Fiscal Service
GTAS
Reclassified Financial Statements
Reclassified Strut. of Operations and Changes in Net Position

Fiscal Period: 2022, 12 - September
 ATB Status: Certified
 Manual Adjustments: 1800 - United States Postal Service

FR Entity: 1800 - United States Postal Service

		Final Amount
1	Net position, beginning of period	-75,679,394,134.13
2	Non-federal prior-period adjustments:	
3	Federal prior-period adjustments	
4	Net position, beginning of period - adjusted	-75,679,394,134.13
5	Non-federal non-exchange revenue:	
6	Federal non-exchange revenue:	
	Collections transferred into a TAS Other Than the General Fund of	
6.8	the U.S. Government - Nonexchange (RC 15)	14,012,158.67
6.11	Total federal non-exchange revenue	14,012,158.67
7	Financing sources:	
7.1	Appropriations received as adjusted (rescissions and other	3,067,570,000.00
7.2	Appropriations used (RC 39)	3,052,570,000.00
7.3	Appropriations expended (RC 38) /1	3,052,570,000.00
7.8	Expenditure transfers-in of financing sources (RC 09) /1	36,795,138.17
7.30	Total-financing sources	3,104,365,138.17
8	Net cost of operations (+/-)	-55,942,396,074.94
9	Net position, end of period	-16,618,620,762.35

Due to an Excel limitation with number precision, any amounts that exceed 15 digits

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Intra-Departmental Eliminations - The Intra-Departmental ATB amounts, which is the total of all bulk file activity where the

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Reclassification of Balance Sheet for FR Compilation Process

Assets			
USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Cash and cash equivalents	19,607	(186)	8.0 Cash and other monetary assets (Note 4)
Restricted cash	1,011	2,891	1.0 Fund Balance with Treasury (Note 3) (RC 40)
Restricted cash, noncurrent	3,000	20,913	2.1 Federal investments (Note 5) (RC 01)
Total	23,618	23,618	
Receivables, net	1,326	1,293	9.0 Accounts receivable, net (Notes 6 and 7)
Total	1,326	1,326	3.4 Accounts receivable, net (RC 22)
Supplies, advances and prepayments	252	189	13.0 Advances and prepayments
		(70)	17.0 Other assets (Note 12)
Total	252	252	11.0 Inventory and related property, net (Note 9)
Property and equipment, net	15,147	15,147	12.0 General property, plant, and equipment, net (Note 10)
Total	15,147	15,147	
Operating lease right-of-use asset	5,094	5,094	12.0 General property, plant, and equipment, net (Note 10)
Total	5,094	5,094	
Other assets	678	525	6.1 Other assets (RC 30)
Total	678	153	17.0 Other assets (Note 12)
Total Assets	46,115	46,115	
Liabilities			
USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Compensation and benefits	3,146	3,072	37.0 Other liabilities (Notes 18, 19, and 20)
		73	26.5 Other current liabilities - Benefit contributions payable (Note 15) (RC 21)
Total	3,146	1	30.0 Federal employee and veteran benefits payable* (Note 15)
Retirement benefits	18,162	18,162	26.5 Other current liabilities - Benefit contributions payable (Note 15) (RC 21)
Total	18,162	18,162	
Retiree health benefits	-	-	26.5 Other current liabilities - Benefit contributions payable (Note 15) (RC 21)
Total	-	-	
Workers' compensation	1,311	1,658	26.5 Other current liabilities - Benefit contributions payable (Note 15) (RC 21)
Workers' compensation, noncurrent	13,418	13,071	30.0 Federal employee and veteran benefits payable* (Note 15)
Total	14,729	14,729	
Payables and accrued expenses	2,762	363	37.0 Other liabilities (Notes 18, 19, and 20)
		2,318	28.0 Accounts payable
		19	22.2 Accounts payable (RC 22)
		40	24.1 Interest payable - loans and not otherwise classified (RC 04)
		14	30.0 Federal employee and veteran benefits payable* (Note 15)
		8	26.5 Other current liabilities - Benefit contributions payable (Note 15) (RC 21)
Total	2,762	2,762	
Deferred revenue-prepaid postage	2,519	2,519	37.0 Other liabilities (Notes 18, 19, and 20)
Total	2,519	2,519	
Operating lease liabilities	1,290	5,214	37.0 Other liabilities (Notes 18, 19, and 20)
Operating lease liabilities, noncurrent	3,924		
Total	5,214	5,214	
Customer deposit accounts	1,244	1,170	36.0 Advances from others and deferred revenue
Total	1,244	74	25.0 Advances from others and deferred revenue (RC 23)
Other current liabilities	1,713	3,744	36.0 Advances from others and deferred revenue
Other noncurrent liabilities	831	(1,327)	37.0 Other liabilities (Notes 18, 19, and 20)
		107	25.0 Advances from others and deferred revenue (RC 23)
		(14)	22.2 Accounts payable (RC 22)
		19	26.6 Other liabilities - Reimbursable activities (RC 22)
Total	2,544	2,529	
Employees' accumulated leave, noncurrent	2,429	2,429	37.0 Other liabilities (Notes 18, 19, and 20)
Total	2,429	2,429	
Long-term debt	10,000	10,000	24.2 Loans payable (RC 17)
Total	10,000	10,000	
Total liabilities*	62,749	62,734	
Net Deficiency			
USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Capital contributions of the U.S. government	16,132	15	41.2 Unexpended appropriations - Funds from other than Dedicated Collections
Deficit since 1971 reorganization	(32,766)	(16,634)	42.2 Cumulative results of operations - Funds from other than Dedicated Collections
Total net deficiency*	(16,634)	(16,619)	
Total liabilities and net deficiency	46,115	46,115	

*Difference in Total liabilities and Total net deficiency represents the funding appropriated to the United States Postal Service Office of Inspector General under the Inflation Reduction Account (Public Law 117-169). This is reported as a liability within the Postal Service's Balance Sheet as of September 30, 2022. This is reported as an unexpended appropriation within the Postal Service's reclassified financial statements. Unexpended appropriations increase the net position and are not presented as a liability within the reclassified Balance Sheet.

Reclassification of Statement of Operations for FR Compilation Process

Revenue			
USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Operating revenue	78,507	76,076	11.0 Non-federal earned revenue
		2,364	12.2 Buy/sell revenue (exchange) (RC 24) /2
		-	12.4 Federal securities interest revenue including associated gains and losses (exchange)
Total¹	78,507	78,440	
Other revenue	113	113	11.0 Non-federal earned revenue
Total	113	113	
Total revenue¹	78,620	78,553	
Operating Expenses			
USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Compensation and benefits	51,520	43,860	2.0 Non-federal gross cost
		3,002	7.6 Other expenses (without reciprocals) (RC 29)
		4,695	7.1 Benefit program costs (RC 26) /2
Total²	51,520	51,557	
Retirement benefits	8,362	8,362	7.1 Benefit program costs (RC 26) /2
Total	8,362	8,362	
Retiree health benefits	-	-	7.1 Benefit program costs (RC 26) /2
Total	-	-	
Workers' compensation	(2,119)	1,335	7.1 Benefit program costs (RC 26) /2
		(3,454)	2.0 Non-federal gross cost
Total	(2,119)	(2,119)	
Transportation	10,281	(162)	7.3 Buy/sell cost (RC24) /2
		10,443	2.0 Non-federal gross cost
Total	10,281	10,281	
Other operating expenses	11,526	11,414	2.0 Non-federal gross cost
		112	7.3 Buy/sell cost (RC24) /2
Total	11,526	11,526	
Total operating expenses²	79,570	79,607	
Loss from operations before impact of Postal Service reform legislation^{1,2}	(950)	(1,054)	
Impact of Postal Service reform legislation	56,975	56,975	7.1 Benefit program costs (RC 26) /2
Total	56,975	56,975	
Income from operations^{1,2}	56,025	55,921	
Interest and Investment Income			
USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Interest and investment income	192	170	12.4 Federal securities interest revenue including associated gains and losses (exchange)
		18	12.5 Borrowing and other interest revenue (exchange) (RC 05) /2
		4	11.0 Non-federal earned revenue
Total	192	192	
Interest expense	171	167	7.6 Borrowing and other interest expense (RC05) /2
		4	2.0 Non-federal gross cost
Total	171	171	
Net income^{1,2}	56,046	55,942	

¹ Difference in *Operating revenue* represents the accounting treatment for the annual appropriation for free and reduced rate mail and collections from the Department of Justice.

Free and Reduced Rate Mail: The Postal Service received \$52.6 million under the *Consolidated Appropriations Act, 2022* (Public Law 117-103). This is recorded as operating revenue within the Postal Service's Statement of Operations for the year ended September 30, 2022. This is reported as an appropriation received and used within the Postal Service's reclassified statements. The amount is presented within the reclassified Statement of Changes in Operations and Net Position, but does not present in the reclassified Statement of Net Cost.

Collections from the Department of Justice: The Postal Service received \$14.0 million from the Department of Justice from fines and forfeitures. This is recorded as operating revenue within the Postal Service's Statement of Operations for the year ended September 30, 2022. This is reported as non-exchange revenue within the Postal Service's reclassified statements. The amount presents within the Statement of Changes in Operations and Net Position, but does not present in its Statement of Net Cost.

² Difference in *Compensation and benefits* represents the accounting treatment for \$37.0 million in reimbursements received for pandemic-related leave under the *American Rescue Plan Act* of 2021 (Public Law 117-2) during fiscal year 2022. This is recorded as a contra-expense within the Postal Service's Statement of Operations for the year ended September 30, 2022. This is reported as a financing source within the Postal Service's reclassified statements. The amount within the reclassified Statement of Changes in Operations and Net Position, but does not present in the reclassified Statement of Net Cost.

Reclassification of Statement of Changes in Net Deficiency for FR Compilation Process

USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Balance, September 30, 2021	(75,680)	(75,680)	1.0 Net Position, beginning of period
Capital contributions of the U.S. government	3,000	3,068	7.1 Appropriations received as adjusted (rescissions and other adjustments) (RC 41) /1
Net income	56,046	3,053	7.2 Appropriations used (RC 39)
		(3,053)	7.3 Appropriations expended (RC 38) /1
		37	7.8 Expenditure transfers-in of financing sources (RC 09) /1
		55,942	8.0 Net cost of operations (+/-)
		14	6.8 Collections transferred into a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 15)
Total*	(16,634)	(16,619)	

*Difference in the total line represents the funding appropriated to the United States Postal Service Office of Inspector General under the Inflation Reduction Account (Public Law 117-169). This is reported as a liability within the Postal Service's Balance Sheet as of September 30, 2022. This is reported as an unexpended appropriation within the Postal Service's reclassified financial statements. Unexpended appropriations increase the net position in the Statement of Changes in Operations and Net Position.