November 19, 2019

MEMORANDUM FOR: JAIME M. SALING
DIRECTOR, FINANCIAL AND ADVISORY DIVISION
U.S. DEPARTMENT OF THE TREASURY

CAROLYN VOLTZ
U.S. GOVERNMENT ACCOUNTABILITY OFFICE

CAROL S. JOHNSON
OFFICE OF MANAGEMENT AND BUDGET

SCOTT BELL
U.S. DEPARTMENT OF THE TREASURY

FROM: TAMMY L. WHITCOMB
INSPECTOR GENERAL

SUBJECT: Audit Report – Opinion on the U.S. Postal Service's Fiscal Year 2019 Reclassified Financial Statements (Note 44)

Attached is a copy of the report on our audit of the U.S. Postal Service's Reclassified Financial Statements which comprises the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) Reconciliation Report – Reclassified Balance Sheet as of September 30, 2019, and the related GTAS Reconciliation Reports – Reclassified Statement of Net Cost and Reclassified Statement of Changes in Net Position, for the year then ended (hereinafter referred to as reclassified financial statements) and accompanying Note 44. The objective of the audit was to express an opinion as to whether the reclassified financial statements present fairly, in all material respects, the financial position and results of the Postal Service as of and for the fiscal year ending September 30, 2019, and the net costs and changes in net position for the year then ended, in accordance with U.S. generally accepted accounting principles.

The reclassified financial statements are prepared by the Postal Service for the purpose of providing financial information to the U.S. Department of the Treasury and U.S. Government Accountability Office to use in preparing and auditing the *Financial Report of the U.S. Government*, and are not intended to be a complete presentation of the Postal Service's financial statements.

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, 2019, and its net costs and changes in net position for the year then ended in accordance with U.S. generally accepted accounting principles.

The U.S. Postal Service Office of Inspector General (OIG) reissued the attached Audit Report – Opinion on the U.S. Postal Service's Fiscal Year 2019 Reclassified Financial Statements on November 25, 2019, to correct an error that was included in the original audit report's section titled "***Emphasis of Matter***", "*Intragovernmental Transactions Differences*", *"Office of Personnel Management (OPM) Imputed Cost"*, last paragraph, where the use of the words "cost" and "benefit" was reversed. This error had no impact on the OIG's opinion on the Postal Service's Fiscal Year 2019 Reclassified Financial Statements.

If you have any questions, please contact Mark Duda, Assistant Inspector General for Audit, or me at 703-248-2100.

Attachments

cc: Michael J. Elston
Corporate Audit and Response Management

OFFICE OF
INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

AUDIT REPORT

Opinion on the U.S. Postal Service's Fiscal Year 2019 Reclassified Financial Statements

November 19, 2019

(Project Number 19BM008FT000-R20)

November 19, 2019

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

FROM: TAMMY L. WHITCOMB
INSPECTOR GENERAL

SUBJECT: Audit Report – Opinion on the U.S. Postal Service's Fiscal Year 2019 Reclassified Financial Statements (Project Number 19BM008FT000-R20)

Report 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, 2019, and the related GTAS Reconciliation Reports – Reclassified Statement of Net Cost and Reclassified Statement of Changes in Net Position, for the year then ended (hereinafter referred to as reclassified financial statements) and accompanying Note 44 (Project Number 19BM008FT000).

Management's Responsibility for the Reclassified Financial Statements

Management is responsible for the preparation and fair presentation of these reclassified financial statements in accordance with U.S. generally accepted accounting principles (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.

Auditor's Responsibility

Our responsibility is to express an opinion on these reclassified financial statements based on our audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB); the standards applicable to financial audits contained in U.S. *Government Auditing Standards*, issued by the Comptroller General of the U.S.; and Office of Management and Budget (OMB) Bulletin Number 19-03, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the reclassified financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the reclassified financial statements. The procedures selected depend on the auditor's judgment, including assessments of risk of material misstatement of the reclassified financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the agency's preparation and fair presentation of the reclassified financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the reclassified financial statements.

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

Opinion

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, 2019, and its net costs and changes in net position for the year then ended in accordance with U.S. GAAP.

The U.S. Postal Service Office of Inspector General (OIG) reissued this report on November 25, 2019, to correct an error that was included in the original audit report's section titled "***Emphasis of Matter"***, "*Intragovernmental Transactions Differences", "Office of Personnel Management (OPM) Imputed Cost"*, last paragraph, where the use of the words "cost" and "benefit" was reversed. This error had no impact on the OIG's opinion on the Postal Service's Fiscal Year 2019 Reclassified Financial Statements.

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 U.S. Department of the Treasury's TFM Chapter, Volume 1, Part 2, Chapter 4700 (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 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 (GAO) to use in preparing and auditing the *Financial Report of the U.S. Government,* and are not intended to be a complete presentation of the balance sheet of the Postal Service as of September 30, 2019, 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 statements[1]).

Intragovernmental Transactions Differences

<u>U.S. Department of Defense (DoD)</u>

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 elected to record the reimbursements as an offset to expense because it invoices the DoD only to cover expenses. The Postal Service stated it does not make a profit on this transaction. The DoD records payments to the Postal Service as an expense.

These accounting treatments resulted in differences in intragovernmental activity when reported to the Treasury. During fiscal year (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 the Financial Accounting Standards Board (FASB), and intends to maintain its accounting treatment for the reimbursements totaling about $153 million in FY 2019.

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[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).

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. Federal Accounting Standards Advisory Board (FASAB) standards require federal entities to recognize an imputed cost 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.[2] 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, when the Postal Service submitted financial statements to Treasury, it 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, Treasury[3] eliminated the need for conversion. The Postal Service and OPM have agreed to an imputed cost of approximately $192 million for FY 2019. However, where conversion is no longer required, the Postal Service will not be reporting this imputed cost in the adjusted trial balance for FY 2019.

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 Postal Service is still required under 39 U.S.C. § 2003 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.

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[2] Statements of Federal Financial Accounting Standards (SFFAS) Number 5, *Accounting for Liabilities of The Federal Government*.
[3] TFM 4705.25, Special Basis of Accounting.

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 this balance as of September 30, 2019, is $567 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 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, 2019 and 2018, and its report thereon, dated November 14, 2019, expressed an unmodified opinion on those financial statements.

Additionally, in its unmodified opinion on the FY 2019 general-purpose financial statements, dated November 14, 2019, 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.

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 GAO 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.

Other Reporting Required by Government Auditing Standards

In accordance with the standards of the PCAOB, auditing standards generally accepted in the U.S., and *Government Auditing Standards*, the Postal Service's IPA firm issued a report[4] dated November 14, 2019, on its consideration of the Postal Service's 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 that are required to be reported under *Government Auditing Standards*. This report is an integral part of an audit performed in accordance with PCAOB, *Government Auditing Standards,* and OMB Bulletin Number 19-03 in considering the Postal Service's internal control and compliance, and should be read in conjunction with this report in considering the results of our audit of the reclassified financial statements.

[4] *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 14, 2019.

In the IPA firm's report on its consideration of the Postal Service's internal control over financial reporting, the auditor did not identify any deficiencies in internal control over financial reporting considered to be material weaknesses as of September 30, 2019. However, the IPA firm's FY 2019 report included four significant deficiencies. Two significant deficiencies were remediated in 2019: one significant deficiency from FY 2017 and one identified in FY 2019. Two new significant deficiencies were identified in FY 2019 and not remediated prior to September 30, 2019.

Lack of Independent Board of Governors and Audit & Finance Committee under COSO 2013 Principle 2

On December 8, 2016, the term of the last remaining independent Governor on the Postal Service's Board of Governors expired, resulting in no independent Governors. The absence caused a departure from compliance with Committee of Sponsoring Organizations of the Treadway Commission (COSO) Principle 2, which establishes that a Board of Directors (Governors) shall demonstrate independence from management and exercise oversight of the development and performance of internal controls. The lack of an independent Board and Audit and Finance Committee (AFC) members resulted in a change of the operation of several key entity level controls for the Postal Service to continue to perform oversight procedures. The IPA firm concluded that this represented a significant deficiency in the operating effectiveness of controls.

Two independent Governors were confirmed by the U.S. Senate on August 28, 2018. However, given the short period of time the Governors had served on the Board to exercise oversight of the development and performance of internal controls, the IPA firm did not consider the control objectives under COSO 2013 Principle 2 to be met as of September 30, 2018. Accordingly, this significant deficiency remained unremediated as of September 30, 2018. As of March 31, 2019, after reviewing supporting documentation and observing the independent governors executing their oversight of the development and performance of internal controls, the IPA firm considered control objectives under COSO 2013 Principle 2 to be met. Accordingly, the IPA firm concluded that this significant deficiency is remediated.

Lack of Timeliness in Reporting and Recording Labor-Related Legal Contingencies

The Postal Service's contingent liabilities include labor-related matters consisting of field level and national level claims. Field level claims are handled locally through one of the seven areas and are raised by employees that belong to one of the Postal Service unions, each governed by a Collective Bargaining Agreement.

A formal, documented policy was not in place to ensure timely reporting of subsequent events (or of events that occur during the regular reporting period) from the Postal Service areas to Corporate Accounting. The decentralization of the claims process and the lack of a formal, documented policy for the Postal Service areas that emphasized timeliness and subsequent events communication for field and national labor cases contributed to labor case misrepresentations in the Contingent Liability Report.

Consequently, there were several instances in which labor-related contingent liabilities were not reported or updated in the appropriate reporting period. As such, in quarter 2 FY 2019, the Postal Service concluded, and the IPA firm concurred, that the potential magnitude and nature of errors represented a significant deficiency.

Management implemented additional key controls as part of its remediation plan, including: quarterly calls between Corporate Accounting and the Area Vice Presidents (VPs) to reconfirm specific cases or claims which are the responsibility of individuals at the field level; additional certification by the Area VPs to confirm that any matters arising after period end are identified and communicated prior to quarterly or year-end reporting; and additional training related to contingent liability reporting. Accordingly, the IPA firm concluded that this significant deficiency is remediated.

Lack of Comprehensive Policies and Procedures Designed to Revoke the Access of Former Employees to Postal Service Systems on a Timely Basis

During FY 2019, the Postal Service determined that due to lack of comprehensive policies and procedures over system access for former employees, a large number of former employees' access to Postal Service systems was not revoked on a timely basis subsequent to their employment termination. Management evaluated the potential impact of all former employees who had access to Postal Service systems for a significant period of time subsequent to their separation dates, including determining whether former employees accessed Postal Service financially-relevant systems. Management also considered compensating controls and mitigating factors, as well as the number of terminated employees who had access to potentially impact transactions in financially-relevant systems and did access those systems. Based on the reviews, management did not identify any inappropriate material activity post-separation date for these employees.

Given the large number of former employees who had access to Postal Service financially-relevant systems for an extended period of time subsequent to their separation dates, and that certain former employees accessed these systems subsequent to their separation dates, the IPA firm concluded that there is a significant deficiency in internal control as of September 30, 2019, related to access to Postal Service systems.

Lack of Precision in the Review of a Portfolio of Transportation Contracts for the Implementation of ASC 842, Leases

The Postal Service will implement Accounting Standards Update 2016-02, Leases (codified in ASC 842), on October 1, 2019. As part of its implementation efforts, management identified a portfolio of transportation contracts that will be accounted for as leases under ASC 842. An error was made in determining the estimated lease liability and corresponding right-of-use asset for this portfolio of transportation contracts. For the financial statements for the year ended September 30, 2019, this error (which was corrected when identified) affects the note disclosures of the estimated impact of adoption of ASC 842. While a review control was in place that should have identified this error, it was not operating at a sufficient level of precision to detect the error. Furthermore, no compensating controls were in place to detect the error. Based on the magnitude of the error, the IPA firm concluded this represents a significant deficiency in internal control as of September 30, 2019, related to the precision of the lease review control.

Compliance and Other Matters

The IPA firm also noted instances of non-compliance with laws and regulations. The Postal Service defaulted on the following retirement and retiree health benefit obligations:

- Under Title 5 of the U.S. Code §8909a(d)(3)(A), the Postal Service was required to make a $33.9 billion payment for amounts past due from previous fiscal years related to retiree health benefits. The Postal Service failed to comply with the law when it failed to make a payment on past due amounts from previous fiscal years.

- Under Title 5 of the U.S. Code §8909a(d)(3)(B), the Postal Service was required to make a Postal Service Retiree Health Benefits Fund (PSRHBF) normal cost payment of $3.8 billion and an unfunded liability amortization payment of $0.8 billion by September 30, 2019; normal cost payment of $3.7 billion and an unfunded liability amortization payment of $0.8 billion by September 30, 2018; and normal cost payment of $3.3 billion and an unfunded liability amortization payment of $1.0 billion by September 30, 2017. The Postal Service failed to comply with the law when it failed to make these payments by their respective due dates.

- Under Title 5 of the U.S. Code §8348(h), the Postal Service was required to make a Civil Service Retirement System (CSRS) unfunded liability amortization payment of $1.6 billion by September 30, 2019, and $1.4 billion by September 30, 2018. The Postal Service failed to comply with the law when it failed to make these payments by their respective due dates.

- Under Title 5 of the U.S. Code §8423(b), the Postal Service was required to make a Federal Employees Retirement System (FERS) unfunded liability amortization payment of $1.1 billion by September 30, 2019, and $1 billion by September 30, 2018. The Postal Service failed to comply with the law when it failed to make these payments by their respective due dates.

Postal Service management concurred with the reported instances of noncompliance related to the non-payments. As of November 14, 2019, the Postal Service has suffered no penalties or damages because of its inability to make these payments.

Internal Control over Financial Reporting Specific to the Reclassified Financial Statements

In planning and performing our audit of the reclassified financial statements as of and for the year ended September 30, 2019, 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 Postal Service's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. However, as previously discussed, the IPA firm identified deficiencies in internal control that they consider to be significant deficiencies.

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. Apart from the significant deficiencies previously mentioned, we found no material weaknesses or significant deficiencies in internal control over the financial reporting process that are required to be reported under *Government Auditing Standards* and OMB Bulletin Number 19-03.

Compliance and Other Matters 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 also performed tests of its compliance with certain provisions of 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 19-03.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication provided in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Postal Service's internal control or on compliance.

This communication is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control and compliance with provisions of laws, regulations, and contracts which could have a material effect on the reclassified financial statements. Accordingly, this communication is not suitable for any other purpose.

cc: Michael J. Elston
Corporate Audit and Response Management

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

Fiscal Period: 2019, 12 - September

FR ENTITY: 1800 - United States Postal Service

1	**Assets**	
2	**Non-federal**	
2.1	Cash and other monetary assets	-103,534,691.12
2.2	Accounts and taxes receivable, net	1,440,144,044.82
2.4	Inventories and related property, net	115,476,189.51
2.5	Property, plant, and equipment, net	14,352,442,655.70
2.8	Other assets	72,882,996.75
2.9	Total non-federal assets	15,877,411,195.66
3	**Federal**	
3.1	Fund balance with Treasury (RC 40)/1	-75,902,367.23
3.2	Federal investments (RC 01)/1	9,340,900,000.00
3.3	Accounts receivable (RC 22)/1	20,409,557.06
3.5	Interest receivable - investments (RC 02)/1	-0.01
3.13	Other assets (RC 30)/1	470,880,357.03
3.14	Total federal assets	9,756,287,546.85
4	Total assets	25,633,698,742.51
5	**Liabilities:**	
6	**Non-federal**	
6.1	Accounts payable	1,843,822,857.02
6.3	Federal employee and veteran benefits payable	16,861,246,929.45
6.9	Other liabilities	9,816,223,958.16
6.10	Total non-federal liabilities	28,521,293,744.63
7	**Federal**	
7.1	Accounts payable (RC 22)/1	36,459,235.34
7.5	Interest payable - loans and not otherwise classified (RC 04)/1	43,586,405.30
7.6	Loans payable (RC 17)/1	11,000,000,000.00
7.8	Benefit program contributions payable (RC 21)/1	57,495,998,942.66
7.9	Advances from others and deferred credits (RC 23)/1	67,844,976.77
7.15	Total federal liabilities	68,643,889,560.07
8	Total liabilities	97,165,183,304.70
9	**Net position:**	
9.2	Net Position - funds other than those from dedicated collections	-71,531,484,562.19
10	Total net position	-71,531,484,562.19
11	Total liabilities and net position	25,633,698,742.51

TAS Included in Report:
Count of TAS: 8

ATA	AID	BPOA	EPOA	A	MAIN ACCT	SUB ACCT
	018	2018	2018		0100	000
	018	2019	2019		0100	000
	018	2018	2018		0200	000
	018			X	1001	000
	018			F	3500	000
	018			X	4020	000
	018			X	4020	002
	018			X	4294	000

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

Fiscal Period: 2019, 12 - September

FR ENTITY: 1800 - United States Postal Service

TAS: 018-X-4020-002

1	**Gross cost**	
2	Non-federal gross cost	61,318,523,891.25
6	Total non-federal gross cost	61,318,523,891.25
7	**Federal gross cost**	
7.1	Benefit program costs (RC 26) /2	16,771,558,266.87
7.3	Buy/sell cost (RC24) /2	-72,630,008.87
7.6	Borrowing and other interest expense (RC05) /2	217,411,523.31
7.7	Borrowing losses (RC 06) /2	9,496,802.27
7.8	Other expenses (without reciprocals) (RC 29)	1,874,677,596.37
8	Total federal gross cost	18,800,514,179.95
9	Department total gross cost	80,119,038,071.20
10	**Earned revenue**	
11	Non-federal earned revenue	70,183,732,316.67
12	**Federal earned revenue**	
12.2	Buy/sell revenue (exchange) (RC 24) /2	970,571,840.46
12.4	Federal securities interest revenue including associated gains and losses (exchange) (RC 03) /2	131,364,936.75
12.5	Borrowing and other interest revenue (exchange) (RC 05) /2	19,819,343.00
12.1 1	**Other revenue (without reciprocal) (Line inactive for FY 2019) (RC 29) /2**	
13	Total federal earned revenue	1,121,756,120.21
14	Department total earned revenue	71,305,488,436.88
15	Net cost of operations	8,813,549,634.32

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

Fiscal Period: 2019, 12 - September

FR ENTITY: 1800 - United States Postal Service

TAS: 018-X-4020-002

1	Net position, beginning of period	-62,636,243,263.06
2	**Non-federal prior-period adjustments:**	
2.1	Changes in accounting principles	-81,691,664.81
3	**Federal prior-period adjustments**	
3.2	Corrections of errors - federal (RC 29)	0.00
4	Net position, beginning of period - adjusted	-62,717,934,927.87
5	**Non-federal non-exchange revenue:**	
6	**Federal non-exchange revenue:**	
7	**Budgetary financing sources:**	
8	**Other financing sources:**	
9	Net cost of operations (+/-)	8,813,549,634.32
10	Net position, end of period	-71,531,484,562.19

Reclassification of Balance Sheet for FR Compliation Process

Assets

USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Cash and cash equivalents	8,795	(104)	2.1 Cash and other monetary assets
Restricted cash	366	(76)	3.1 Fund balance with Treasury (RC 40)/1
		9,341	3.2 Federal investments (RC 01)/1
Total	***9,161***	***9,161***	
Receivables, net	1,461	1,441	2.2 Accounts and taxes receivable, net
		20	3.3 Accounts receivable (RC 22)/1
		-	3.5 Interest receivable - investments (RC 02)/1
Total	***1,461***	***1,461***	
Supplies, advances and prepayments	178	63	2.8 Other Assets
		115	2.4 Inventories and related property, net
Total	***178***	***178***	
Property and equipment, net	14,352	14,352	2.5 Property, plant, and equipment, net
Total	***14,352***	***14,352***	
Other assets	481	471	3.13 Other assets (RC 30)/1
		10	2.8 Other Assets
Total	***481***	***481***	
Total Assets	**25,633**	**25,633**	

Liabilities

USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Compensation and benefits	2,571	2,355	6.9 Other liabilities
		205	7.8 Benefit program contributions payable (RC 21)/1
		11	6.3 Federal employee and veteran benefits payable
Total	***2,571***	***2,571***	
Retirement benefits	8,385	8,385	7.8 Benefit program contributions payable (RC 21)/1
		-	
Total	***8,385***	***8,385***	
Retiree health benefits	47,205	47,205	7.8 Benefit program contributions payable (RC 21)/1
Total	***47,205***	***47,205***	
Workers' compensation	1,359	1,694	7.8 Benefit program contributions payable (RC 21)/1
Workers' compensation, noncurrent	17,170	16,835	6.3 Federal employee and veteran benefits payable
Total	***18,529***	***18,529***	
Payables and accrued expenses	2,228	1,844	6.1 Accounts Payable
		14	6.3 Federal employee and veteran benefits payable
		314	6.9 Other liabilities
		5	7.1 Accounts Payable (RC 22)/1
		44	7.5 Interest payable - loans and not otherwise classified (RC 04)/1
		7	7.8 Benefit program contributions payable (RC 21)/1
Total	***2,228***	***2,228***	
Deferred revenue-prepaid postage	2,225	2,225	6.9 Other liabilities
Total	***2,225***	***2,225***	
Customer deposit accounts	1,119	1,025	6.9 Other liabilities
		68	7.9 Advances from others and deferred credits (RC 23)/1
		26	7.1 Accounts Payable (RC 22)/1
Total	***1,119***	***1,119***	
Other current liabilities	1,190	1,834	6.9 Other liabilities
Other noncurrent liabilities	649	5	7.1 Accounts Payable (RC 22)/1
		-	7.9 Advances from others and deferred credits (RC 23)/1
Total	***1,839***	***1,839***	
Employees' accumulated leave, noncurrent	2,064	2,064	6.9 Other liabilities
Total	***2,064***	***2,064***	
Current portion of debt	-	11,000	7.6 Loans payable (RC 17)/1
Noncurrent portion of debt	11,000	-	
Total	***11,000***	***11,000***	
Total liabilities	**97,165**	**97,165**	

Net Deficiency

USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Capital contributions of the U.S. government	3,132	(71,532)	9.2 Net Position - funds other than those from dedicated collections
Deficit since 1971 reorganization	(74,664)		
Total	***(71,532)***	***(71,532)***	
Total liabilities and net deficiency	**25,633**	**25,633**	

Reclassification of Statement of Operations for FR Compliation Process

Revenue			
USPS Financial Statement Line	**Amount**	**Amount**	**Reclassified Statement Line**
Operating revenue	71,136	70,165	11.0 Non-federal earned revenue
		971	12.2 Buy/sell revenue (exchange) (RC 24) /2
Total	***71,136***	***71,136***	
Other Revenue	18	18	11.0 Non-federal earned revenue
Total	***18***	***18***	
Total Revenue	**71,154**	**71,154**	

Operating Expenses			
USPS Financial Statement Line	**Amount**	**Amount**	**Reclassified Statement Line**
Compensation and benefits	47,519	40,984	2.0 Non-federal gross cost
		1,875	7.8 Other expenses (without reciprocals) (RC 29)
		4,660	7.1 Benefit program costs (RC 26) /2
Total	***47,519***	***47,519***	
Retirement benefits	6,197	6,197	7.1 Benefit program costs (RC 26) /2
Total	***6,197***	***6,197***	
Retiree health benefits	4,564	4,564	7.1 Benefit program costs (RC 26) /2
Total	***4,564***	***4,564***	
Workers' compensation	3,504	1,350	7.1 Benefit program costs (RC 26) /2
		2,154	2.0 Non-federal gross cost
Total	***3,504***	***3,504***	
Transportation	8,184	(165)	7.3 Buy/sell cost (RC24) /2
		8,349	2.0 Non-federal gross cost
Total	***8,184***	***8,184***	
Other operating Expenses	9,911	9,818	2.0 Non-federal gross cost
		93	7.3 Buy/sell cost (RC24) /2
Total	***9,911***	***9,911***	
Total operating expenses	**79,879**	**79,879**	
Loss from operations	**(8,725)**	**(8,725)**	

Other income (expense)			
USPS Financial Statement Line	**Amount**	**Amount**	**Reclassified Statement Line**
Interest and investment income	152	131	12.4 Federal securities interest revenue including associated gains and losses (exchange) (RC 03) /2
		20	12.5 Borrowing and other interest revenue (exchange) (RC 05) /2
		1	11.0 Non-federal earned revenue
Total	***152***	***152***	
Interest expense	(240)	(9)	7.7 Borrowing losses (RC 06) /2
		(217)	7.6 Borrowing and other interest expense (RC05) /2
		(14)	2.0 Non-federal gross cost
Total	***(240)***	***(240)***	
Net loss	**(8,813)**	**(8,813)**	

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

Revenue			
USPS Financial Statement Line	**Amount**	**Amount**	**Reclassified Statement Line**
Balance, September 30, 2018	(62,637)	(62,637)	1.0 Net Position, beginning of period
Cumulative effect adjustment for adoption of new accounting pronouncements	(82)	(82)	2.1 Changes in accounting principles
Net loss	(8,813)	(8,813)	9.0 Net cost of operations
Total	***(71,532)***	***(71,532)***	