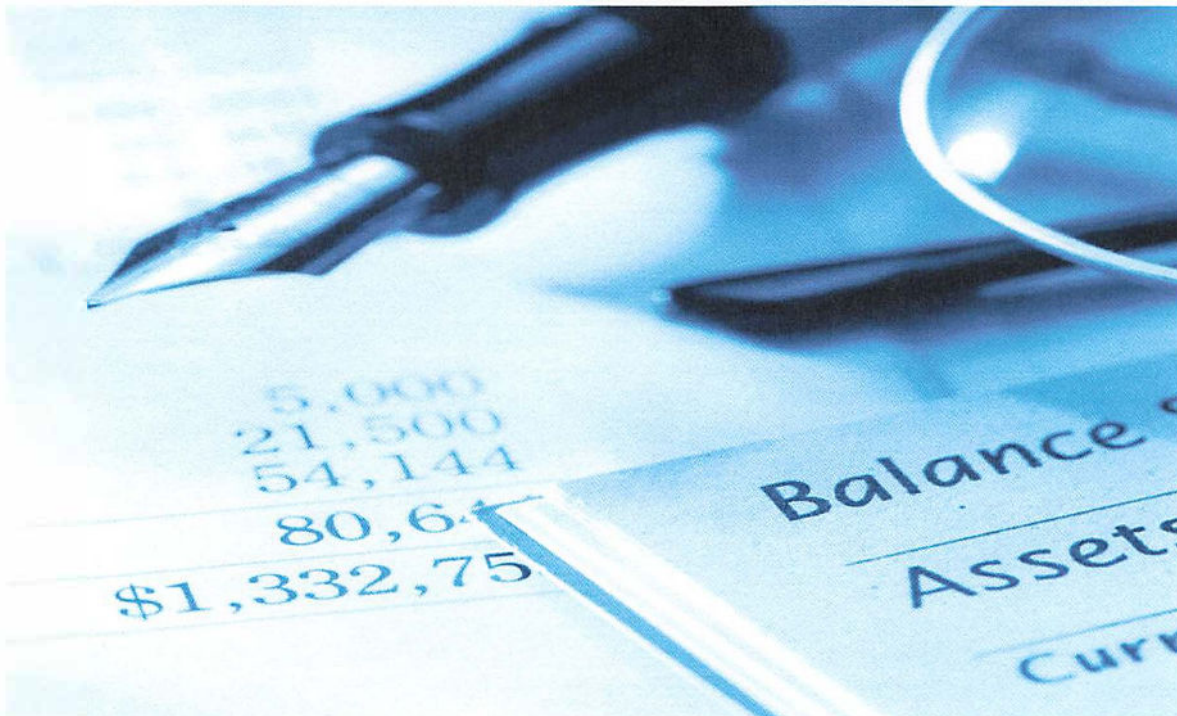




AUDIT REPORT

Independent Auditor's Report on the U.S. Postal Service's Fiscal Year 2023 Reclassified Financial Statements

November 15, 2023



(Report Number 23-122-R24)



November 15, 2023

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

A handwritten signature in blue ink, reading "Tammy L. Hull", is positioned above the printed name of the Inspector General.

FROM: TAMMY L. HULL
INSPECTOR GENERAL

SUBJECT: Audit Report – Independent Auditor’s Report on the U.S.
Postal Service’s Fiscal Year 2023 Reclassified Financial
Statements (Report Number 23-122-R24)

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, 2023, 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 the reclassified financial statements) and accompanying Note 37. 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, 2023, 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 24-01, *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 were 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 in order 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 in order 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.

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 reclassified financial statement audit.

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, 2023, we also considered the Postal Service's internal control over the financial reporting (internal control) to determine the audit procedures that were appropriate 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 24-01.

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 were 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), for instances of noncompliance that 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 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 24-01.

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, 2023, 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) 2023 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 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

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).

sheet.² Due to the differing lease standards, the Postal Service's FY 2023 balance sheet lines—Property, plant, and equipment, net and other liabilities—may not be comparable to other federal agencies.

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, 2023, an intragovernmental difference of approximately \$143 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

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.

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

balance provided to the Bureau of Fiscal Service (Fiscal Service). Effective FY 2019, Treasury⁴ eliminated the need for conversion. Therefore, for FY 2023, 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 \$2.9 billion for FY 2023.

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, 2023, OPM reported \$22.7 billion as an allowance for loss with the Postal Service. For the year ended September 30, 2023, OPM reported \$4.6 billion as bad debt expense with the Postal Service, representing the FY 2023 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.

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), the 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 IPA firm expressed an unqualified opinion on the general-purpose financial statements of the Postal Service as of and for the years ended September 30, 2023 and September 30, 2022, and the related notes, in a report dated November 14, 2023.

Additionally, in its unqualified opinion on the FY 2023 and FY 2022 general-purpose financial statements, dated November 14, 2023, 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.

⁴ TFM 4735.40, *Special Basis of Accounting*.

⁵ For CSRS, amortization payments from FY 2017 through FY 2023 are due. For FERS, amortization payments from FY 2014 through FY 2023 are due.

*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 report⁶ dated November 14, 2023, 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. 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, 2023.

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 FY 2023. [Table 1](#) provides CSRS and FERS payments due by fiscal year-end.

⁶ *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, 2023.

Table 1. CSRS and FERS Required Payments

Type of Payment	Fiscal Year-End Due Date	Amount (in Millions)
CSRS Supplemental Liability ⁷	2017	\$1,700
	2018	1,400
	2019	1,600
	2020	1,800
	2021	1,900
	2022	2,300
	2023	3,000
FERS Supplemental Liability ⁸	2014 through 2017	1,412
	2018	958
	2019	1,100
	2020	1,300
	2021	1,400
	2022	1,600
	2023	2,100

Source: U.S. Postal Service Non-Compliance Letter, dated October 26, 2023.

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.⁹

In contrast to FY 2014 through FY 2021, the Postal Service made a partial payment towards its retirement obligations in FY 2023 and FY 2022. The Postal Service paid \$600 million in 2023 and \$500 million in FY 2022 towards its FERS obligation. These amounts included \$554 million for FY 2023 and \$39 million for FY 2022 that are required for remittance for revenue the Postal Service generated under its retirement-based rate authority.

⁷ Title 5 of the U.S. Code, *Government Organization and Employees*, § 8348(h) *Civil Service Retirement and Disability Fund*.

⁸ Title 5 of the U.S. Code, *Government Organization and Employees*, § 8423(b) *Government Contributions*.

⁹ Public Law 117 – 108 Section 102.

Postal Service management concurred with the reported instances of noncompliance related to the non-payments. As of November 14, 2023, 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
Balance Sheet

Fiscal Period: 2023, 12 - September

ATB Status: Certified

Manual Adjustments: Included - No Manual Adjustments Submitted

FR Entity: 1800 - United States Postal Service

		September, 2023	September, 2022
		Final Amount	Final Amount
1	Fund Balance with Treasury (Note 3) (RC 40)	-661,893,887.02	2,890,774,315.71
2	Investments, net (Note 5)	21,851,913,000.42	20,914,466,748.14
2.1	Federal investments (Note 5) (RC 01)	21,850,960,290.55	20,913,400,000.00
2.2	Interest receivable - investments (Note 5) (RC 02)	952,709.87	1,066,748.14
3	Accounts receivable, net (Note 6)	42,707,450.40	31,890,045.69
3.4	Accounts receivable, net (RC 22)	42,707,450.40	31,890,045.69
6	Other Assets (Note 12)	546,383,245.00	524,309,143.21
6.1	Other assets (RC 30)	546,383,245.00	524,309,143.21
7	Total Intra-governmental	21,779,109,808.80	24,361,440,252.75
8	Cash and other monetary assets* (Note 4)	444,889,104.33	-186,041,224.39
9	Accounts receivable, net (Notes 6 and 7)	1,365,047,138.98	1,293,144,347.95
11	Inventory and related property, net (Note 9)	144,499,906.14	132,634,228.85
12	General property, plant, and equipment, net (Note 10)	21,325,153,944.16	20,241,103,744.83
13	Advances and prepayments	230,789,209.58	188,922,871.18
14	Investments, net (Note 5)		-0.01
16	Other assets (Note 12)		83,885,710.11
17	Total other than intra-governmental	23,510,379,303.19	21,753,649,678.52
18	Total assets	45,289,489,111.99	46,115,089,931.27
19	Stewardship PP&E (Note 11)		
21	Accounts payable (Note 17)	4,332,212.31	5,670,959.34
21.2	Accounts payable (RC 22)	4,332,212.31	5,670,959.34
23	Debt (Note 14B)	13,080,554,753.72	10,039,833,076.23
23.1	Interest payable - loans and other funds (RC 04)	80,554,753.72	39,833,076.23
23.2	Loans payable (RC 17)	13,000,000,000.00	10,000,000,000.00
24	Advances from others and deferred revenue (RC 23)	423,304,301.58	181,152,148.52
25	Other Liabilities (Note 17)	24,662,755,496.73	19,920,100,014.53
25.5	Other current liabilities - Benefit contributions payable (Note 15) (RC 21)	24,652,567,093.00	19,901,311,237.35
25.6	Other liabilities - Reimbursable activities (RC 22)	10,188,403.73	18,788,777.18
26	Total Intra-governmental	38,170,946,764.34	30,146,756,198.62
27	Accounts payable	2,320,489,132.51	2,316,895,334.81
28	Federal debt and interest payable (Note 14)	1,496,179.70	
29	Federal employee and veteran benefits payable* (Note 15)	12,162,654,796.72	13,086,720,250.84
35	Advances from others and deferred revenue	4,708,295,707.31	4,914,427,621.62
36	Other liabilities (Notes 18, 19, and 20)	10,990,214,115.85	12,268,911,287.73
37	Total other than intra-governmental	30,183,149,932.09	32,586,954,495.00
38	Total liabilities	68,354,096,696.43	62,733,710,693.62
39	Commitments and Contingencies (Note 20)		

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

Fiscal Period: 2023, 12 - September

ATB Status: Certified

Manual Adjustments: Included - No Manual Adjustments Submitted

FR Entity: 1800 - United States Postal Service

		September, 2023	September, 2022
		Final Amount	Final Amount
40	Total Unexpended Appropriation (Consolidated)	14,229,071.85	15,000,000.00
40.2	Unexpended appropriations - Funds from other than Dedicated Collections	14,229,071.85	15,000,000.00
40.3	Total Unexpended Appropriations - Eliminations Between Dedicated and All Other		
41	Total Cumulative Results of Operations (Consolidated)	-23,078,836,656.29	-16,633,620,762.35
41.2	Cumulative results of operations - Funds from other than Dedicated Collections	-23,078,836,656.29	-16,633,620,762.35
41.3	Total Cumulative Results of Operations - Eliminations Between Dedicated and All Other		
42	Total net position	-23,064,607,584.44	-16,618,620,762.35
43	Total liabilities and net position	45,289,489,111.99	46,115,089,931.27

11/07/2023 09:45:01 PM

chunxia.ren@usps.gov

U.S. Department of the Treasury Bureau of the Fiscal Service

GTAS

Reclassified Financial Statements

Reclassified Statement of Net Cost

Fiscal Period: 2023, 12 - September

ATB Status: Certified

Manual Adjustments: Included - No Manual Adjustments Submitted

FR Entity: 1800 - United States Postal Service

	September, 2023	September, 2022
	Final Amount	Final Amount
1	Gross cost	
2	65,948,474,418.73	62,265,939,432.24
6	65,948,474,418.73	62,265,939,432.24
7	Federal gross cost	
7.1	16,349,874,909.56	-42,582,893,109.70
7.3	-44,121,796.74	-49,306,428.10
7.6	403,393,641.21	166,839,956.04
7.8	3,144,426,572.91	3,001,635,686.26
8	19,853,573,326.94	-39,463,723,895.50
9	85,802,047,745.67	22,802,215,536.74
10	Earned revenue	
11	76,974,285,773.63	76,192,445,829.28
12	Federal earned revenue	
12.2	1,373,409,042.93	2,364,315,181.51
12.4	1,015,879,563.85	170,097,296.89
12.5		17,753,304.00
13	2,389,288,606.78	2,552,165,782.40
14	79,363,574,380.41	78,744,611,611.68
15	6,438,473,365.26	-55,942,396,074.94

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

Fiscal Period: 2023, 12 - September

ATB Status: Certified

Manual Adjustments: Included - No Manual Adjustments Submitted

FR Entity: 1800 - United States Postal Service

		September, 2023 Final Amount	September, 2022 Final Amount
1	Net position, beginning of period	-16,618,620,762.35	-75,679,394,134.13
2	Non-federal prior-period adjustments:		
3	Federal prior-period adjustments		
4	Net position, beginning of period - adjusted	-16,618,620,762.35	-75,679,394,134.13
5	Non-federal non-exchange revenue:		
6	Federal non-exchange revenue:		
6.8	Collections transferred into a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 15)	2,939,628.99	14,012,158.67
6.11	Total federal non-exchange revenue	2,939,628.99	14,012,158.67
7	Financing sources:		
7.1	Appropriations received as adjusted (rescissions and other adjustments) (RC 41) /1	50,253,000.00	3,067,570,000.00
7.2	Appropriations used (RC 39)	51,023,928.15	3,052,570,000.00
7.3	Appropriations expended (RC 38) /1	51,023,928.15	3,052,570,000.00
7.8	Expenditure transfers-in of financing sources (RC 09) /1		36,795,138.17
7.10	Non-expenditure transfer-in of financing sources - capital transfers (RC 11)	0.00	
7.11	Non-expenditure transfers-out of financing sources - capital transfers (RC 11)	0.00	
7.20	Transfers-in without reimbursement (RC 18) /1	0.00	
7.21	Transfers-out without reimbursement (RC 18) /1	0.00	
7.23	Non-entity collections transferred to the General Fund of the U.S. Government (RC 44)	60,706,085.82	
7.30	Total financing sources	-10,453,085.82	3,104,365,138.17
8	Net cost of operations (+/-)	6,438,473,365.26	-55,942,396,074.94
9	Net position, end of period	-23,064,607,584.44	-16,618,620,762.35

Reclassification of Balance Sheet for FR Compilation Process

Assets			
USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Cash and cash equivalents	8,054	445	8.0 Cash and other monetary assets* (Note 4)
Restricted cash	1,544	(662)	1.0 Fund Balance with Treasury (Note 3) (RC 40)
Short-term investments	8,790	21,851	2.1 Federal investments (Note 5) (RC 01)
Restricted cash, noncurrent	35	(13)	3.4 Accounts receivable, net (RC 22)
Restricted investments	3,198		
Total	21,621	21,621	
Receivables, net	1,428	1,365	9.0 Accounts receivable, net (Notes 6 and 7)
		54	3.4 Accounts receivable, net (RC 22)
		1	2.2 Interest receivable - investments (Note 5) (RC 02)
		8	6.0 Other Assets (Note 12)
Total	1,428	1,428	
Supplies, advances and prepayments	281	231	13.0 Advances and prepayments
		(94)	6.0 Other Assets (Note 12)
		144	11.0 Inventory and related property, net (Note 9)
Total	281	281	
Property and equipment, net	16,253	16,253	12.0 General property, plant, and equipment, net (Note 10)
Total	16,253	16,253	
Operating lease right-of-use asset	5,073	5,073	12.0 General property, plant, and equipment, net (Note 10)
Total	5,073	5,073	
Other assets	633	547	6.1 Other assets (RC 30)
		86	6.0 Other Assets (Note 12)
Total	633	633	
Total assets	45,289	45,289	
Liabilities			
USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Compensation and benefits	1,942	1,845	36.0 Other liabilities (Notes 18, 19, and 20)
		96	25.5 Other current liabilities - Benefit contributions payable (Note 15) (RC 21)
		1	29.0 Federal employee and veteran benefits payable* (Note 15)
Total	1,942	1,942	
Retirement benefits	22,736	22,736	25.5 Other current liabilities - Benefit contributions payable (Note 15) (RC 21)
Total	22,736	22,736	
Workers' compensation	1,418	1,812	25.5 Other current liabilities - Benefit contributions payable (Note 15) (RC 21)
Workers' compensation, noncurrent	12,538	12,144	29.0 Federal employee and veteran benefits payable* (Note 15)
Total	13,956	13,956	
Payables and accrued expenses	2,740	270	36.0 Other liabilities (Notes 18, 19, and 20)
		2,320	27.0 Accounts payable
		10	21.2 Accounts payable (RC 22)
		81	23.1 Interest payable - loans and other funds (RC 04)
		1	28.0 Federal debt and interest payable (Note 14)
		17	29.0 Federal employee and veteran benefits payable* (Note 15)
		9	25.5 Other current liabilities - Benefit contributions payable (Note 15) (RC 21)
Total¹	2,740	2,708	
Deferred revenue-prepaid postage	2,367	2,367	36.0 Other liabilities (Notes 18, 19, and 20)
Total	2,367	2,367	
Operating lease liabilities	1,193	5,206	36.0 Other liabilities (Notes 18, 19, and 20)
Operating lease liabilities, noncurrent	4,013		
Total	5,206	5,206	
Customer deposit accounts	1,200	1,107	35.0 Advances from others and deferred revenue
		93	24.0 Advances from others and deferred revenue (RC 23)
Total	1,200	1,200	
Other current liabilities	1,950	3,602	35.0 Advances from others and deferred revenue
Other noncurrent liabilities	833	(1,169)	36.0 Other liabilities (Notes 18, 19, and 20)
		330	24.0 Advances from others and deferred revenue (RC 23)
		(5)	21.2 Accounts payable (RC 22)
		10	25.6 Other liabilities - Reimbursable activities (RC 22)
Total²	2,783	2,768	
Employees' accumulated leave, noncurrent	2,471	2,471	36.0 Other liabilities (Notes 18, 19, and 20)
Total	2,471	2,471	
Short-term debt	1,000	13,000	23.2 Loans payable (RC 17)
Long-term debt	12,000	-	
Total	13,000	13,000	
Total liabilities^{1,2}	68,401	68,354	
Net Deficiency			
USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Capital contributions of the U.S. government	16,132	14	40.2 Unexpended appropriations - Funds from other than Dedicated Collections
Deficit since 1971 reorganization	(39,244)	(23,079)	41.2 Cumulative results of operations - Funds from other than Dedicated Collections
Total net deficiency^{1,2}	(23,112)	(23,065)	
Total liabilities and net deficiency	45,289	45,289	

¹ Difference in *Payable and accrued expenses* represents the accounting treatment for interest received subject to the Postal Service's arbitrage agreement with the U.S. Department of the Treasury. The Postal Service's interest earnings are limited per this agreement, and any excess interest received must be returned. The balance due at the end of the period is included within the Postal Service's Balance Sheet as of September 30, 2023. The amount is presented within the reclassified Statement of Net Cost.

² Difference in the total line for other liabilities represents the accounting treatment for funding appropriated to the United States Postal Service Office of Inspector General (USPS OIG) 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, 2023. This is presented as an unexpended appropriation 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	78,186	76,760	11.0 Non-federal earned revenue
		1,373	12.2 Buy/sell revenue (exchange) (RC 24) /2
		-	12.4 Federal securities interest revenue including associated gains and losses (exchange) (RC
Total¹	78,186	78,133	
Other revenue	197	197	11.0 Non-federal earned revenue
Total	197	197	
Total revenue¹	78,383	78,330	
Operating Expenses			
USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Compensation and benefits	52,853	44,836	2.0 Non-federal gross cost
		3,144	7.8 Other expenses (without reciprocals) (RC 29)
		4,873	7.1 Benefit program costs (RC 26) /2
Total	52,853	52,853	
Retirement benefits	10,001	10,001	7.1 Benefit program costs (RC 26) /2
Total	10,001	10,001	
Workers' compensation	538	1,475	7.1 Benefit program costs (RC 26) /2
		(937)	2.0 Non-federal gross cost
Total	538	538	
Transportation	10,111	(151)	7.3 Buy/sell cost (RC24) /2
		10,262	2.0 Non-federal gross cost
Total	10,111	10,111	
Other operating expenses	11,884	11,777	2.0 Non-federal gross cost
		107	7.3 Buy/sell cost (RC24) /2
Total	11,884	11,884	
Total operating expenses	85,387	85,387	
Loss from operations¹	(7,004)	(7,057)	
Interest and Investment Income			
USPS Financial Statement Line	Amount	Amount	Reclassified Statement Line
Interest and investment income	941	1,016	12.4 Federal securities interest revenue including associated gains and losses (exchange) (RC
		-	12.5 Borrowing and other interest revenue (exchange) (RC 05) /2
		18	11.0 Non-federal earned revenue
Total²	941	1,034	
Interest expense	415	404	7.6 Borrowing and other interest expense (RC05) /2
		11	2.0 Non-federal gross cost
Total	415	415	
Net loss^{1,2}	(6,478)	(6,438)	

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

Free and Reduced Rate Mail: The Postal Service received \$50 million under the *Consolidated Appropriations Act, 2023* (Public Law 117-103). This is recorded as operating revenue within the Postal Service's Statement of Operations for the year ended September 30, 2023. 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 not in the reclassified Statement of Net Cost.

Collections from the Department of Justice: The Postal Service received \$3 million from the U.S. 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, 2023. This is reported as non-exchange revenue within the Postal Service's reclassified statements. The amount is presented within the Statement of Changes in Operations and Net Position, but not in its reclassified Statement of Net Cost.

² Difference in *Interest and investment income* represents the accounting treatment for interest received subject to the Postal Service's arbitrage agreement with the U.S. Department of the Treasury. The Postal Service's interest earnings are limited per this agreement, and any excess interest received must be returned. This is not recorded within the Postal Service's Statement of Operations for the year ended September 30, 2023. The amount is presented within 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, 2022	(16,634)	(16,619)	1.0 Net position, beginning of period
Net loss	(6,478)		50 7.1 Appropriations received as adjusted (rescissions and other adjustments) (RC 41) /1 51 7.2 Appropriations used (RC 39) (51) 7.3 Appropriations expended (RC 38) /1 (61) 7.23 Non-entity collections transferred to the General Fund of the U.S. Government (RC 44) (6,438) 8.0 Net cost of operations (+/-) 3 6.8 Collections transferred into a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 15)
Total*	(23,112)	(23,065)	

* Difference in the total line represents the accounting treatment for funding appropriated to the USPS OIG and the interest subject to arbitrage agreement:

Funding appropriated to the USPS OIG: The USPS OIG received \$15 million during fiscal year 2022 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, 2023. This is presented as an unexpended appropriation within the reclassified Balance Sheet. Unexpended appropriations increase the net position in the reclassified Statement of Changes in Operations and Net Position but do not impact the reclassified Statement of Changes in Net Deficiency.

Interest subject to arbitrage agreement: The Postal Service entered into an agreement with the U.S. Department of the Treasury that included certain arbitrage provisions. The Postal Service's interest earnings are limited per this agreement, and any excess interest received must be returned. The balance due at the end of the period is included within the Postal Service's Balance Sheet as of September 30, 2023. The amount is presented within the reclassified Statement of Net Cost. This increases the net position in the reclassified Statement of Changes in Net Deficiency as it decreases the net cost of operations.